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U.S., EC Set Pact On Trade

Agreement Ends Dispute on Pasta, Citrus Exports

By Steven J. Dryden
International Herald Tribune

BRUSSELS — The U.S. trade representative, Clayton K. Yeutter, and European Community officials said Sunday they had reached agreement on settling a dispute over trade in citrus and pasta.

"Both sides are delighted to have a 16-year-old dispute behind us," Mr. Yeutter said, referring to the agreement on U.S. citrus exports to the community.

Mr. Yeutter, who was making his second trip in a week to Brussels for negotiations on the dispute, said the accord "augurs well for the future of U.S.-EC trade relations."

Relations have been strained in the past year by numerous disputes over agricultural and industrial trade. Both sides had threatened to escalate the pasta dispute with further trade restrictions.

The details of the accord were not immediately released.

In a statement, the two sides said they would first report "to our respective authorities" for final approval.

The dispute began in the early 1970s after the EC lowered tariffs on citrus exports from Mediterranean countries as a form of economic aid.

The United States said the arrangement hurt its citrus exports to the community and violated rules of the General Agreement on Tariffs and Trade, a 91-member body that sets trade rules and negotiates agreements to expand trade.

Last November, after years of mediation in GATT and direct negotiations had failed to settle the dispute, the United States retaliated by raising tariffs on EC pasta exports.

It increased the duty on pasta made without eggs to 40 percent from 1 percent and on pasta made with eggs to 25 percent from one quarter of 1 percent. The action affected about $30 million a year of EC pasta exports.

The EC countered by raising the duty on lemons to 20 percent from 8 percent and on walnuts to 30 percent from 8 percent. The EC buys about $1 million a year of lemons and $32 million of walnuts from the United States.

The joint statement said that after the two sides give their final approval to the agreement, the restrictions on pasta, lemons and walnuts will be removed.

At a later stage, further measures will be taken to liberalize EC-U.S. trade, it said.

The measures were not revealed, but Willy de Clercq, the EC trade comissioner, said that the EC had made concessions on American exports of oranges, lemons and almonds, in exchange for U.S. concessions on European exports of olive oil, olives and certain cheeses.

The United States also agreed to recognize the validity of the EC's preferential arrangements for Mediterranean products and not challenge them in the future, the community sources said.

U.S. officials declined to comment on the substance of the agreement.

The agreement is also expected to contribute to the launching of a new round of global trade talks next month, EC officials said.

AP
Clayton K. Yeutter

Accord Is Near On Taba

Egypt, Israel End Deadlock On Arbitration

By Christopher S. Wren
New York Times Service

CAIRO — Egyptian and Israeli negotiators said Sunday that they had resolved all but two conditions for the international arbitration of their border dispute over the Taba enclave in Sinai.

A statement, released after six days of talks, said that the two sides had yet to agree on three arbitrators and an annex demarcating the boundaries of the 25-acre (10-hectare) wedge of desert on the Gulf of Aqaba.

Last Tuesday, Vice President George Bush said at the end of a visit to the Middle East that the two sides were on the verge of a breakthrough.

But despite the mediation efforts of Richard W. Murphy, the U.S. assistant secretary of state, Israel and Egypt failed to reach total agreement on all the terms of reference for the arbitration of their dispute, which has come to symbolize the coolness of their relations.

The two outstanding differences had been identified several days ago while they were actively under negotiation. The statement released Sunday reported that both sides now agreed on the procedures for settling them but did not give details.

"We have completed substantive work on the delegation level," said Nabil el-Arabi, the chief Egyptian negotiator. "Now it's up to the governments to decide."

A draft of the agreement reached thus far will be submitted to the Israeli and Egyptian governments for their approval before the finished document is signed. The two delegations are due to meet again in Israel on Tuesday.

Mr. Arabi described the latest

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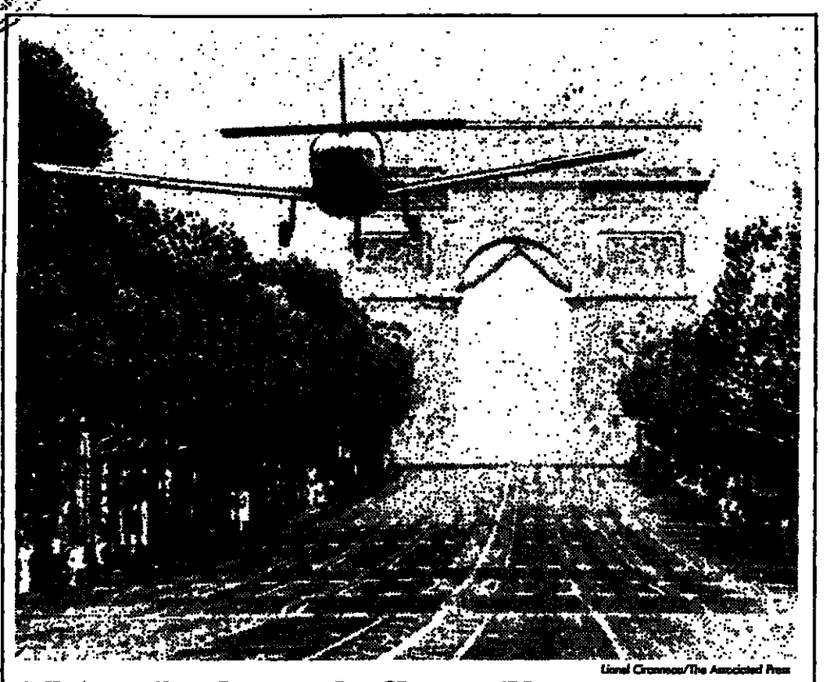


Lionel Cironneau/The Associated Press

A Protest Landing on the Champs-Elysées

The field was clear Sunday morning, because the Avenue des Champs-Elysées had been closed for the filming of a movie promoting Paris as the site for the 1992 Summer Olympic Games. So Albert Maltret, from the suburb of Chaville, had no problem bringing his light plane in for a landing. Mr. Maltret, 50, made a sketchy statement saying that he had been held in a Moroccan prison and wanted to protest conditions there. He was being questioned by the police about the illegal landing.

China, Mongolia Sign Agreement To Upgrade Ties

By Jim Mann
Los Angeles Times Service

BEIJING — China announced Sunday that it has signed a consular agreement with Mongolia, the Soviet ally along its northern border. It could clear the way for a withdrawal of Soviet troops from that country.

The Soviet troops in Mongolia, some of them barely 450 miles (720 kilometers) from Beijing, have long been viewed by China as one of the main impediments to an improvement in Chinese-Soviet relations.

On July 28, in an address on Asian policy in Vladivostok, Mikhail S. Gorbachev, the Soviet leader, suggested that a "substantial" part of the Soviet force in Mongolia might be withdrawn.

China, reacting to the Soviet initiative, on Thursday sent a vice foreign minister, Liu Shuqing, to the Mongolian capital of Ulan Bator for talks. He is the highest-ranking Chinese official to visit Mongolia in two decades.

According to the Chinese press service Xinhua, the consular agreement was signed Saturday.

Xinhua said Mr. Liu had talked about "bilateral relations and some international issues" during his stay in Mongolia, but did not say whether the question of Soviet troop withdrawals had been discussed.

The agency did not provide details about the consular agreement. Such agreements normally encompass visas and legal problems and exchanges between citizens of two countries.

An upgrading of relations between China and Mongolia could provide a rationale for a Soviet troop pullback. The Soviet Union has repeatedly said that it would not withdraw its troops from the neighboring countries of Afghanistan or Mongolia without the consent of those countries.

The developments in Mongolia were the latest in a series of recent indications that China and the Soviet Union were exploring new steps towards rapprochement.

On Saturday, the Chinese Foreign Ministry said that the Soviet first deputy prime minister, Ivan V. Arkhipov, had just come to China for what was described as "medical treatment."

Mr. Arkhipov was the main Soviet economic advisor to China during the Chinese-Soviet alliance of the 1950s, and over the past two years has played a leading role in Soviet efforts to mend relations with China.

Mongolia, which was for centuries part of Chinese territory, gained its independence in 1921 and immediately signed a treaty with the Soviet Union. Until recently, relations between Mongolia and China had been tense. In 1983, Mongolia expelled about 2,000 ethnic Chinese.

For the past quarter-century, the Soviet Union has stationed an estimated 60,000 troops in Mongolia, many of them in motorized infantry divisions along the 2,650-mile border between Mongolia and China.

In his speech in Vladivostok, Mr. Gorbachev announced that "the question of withdrawing a substantial part of Soviet troops from Mongolia is being considered joint-

See CHINA, Page 2

U.S. Senate Trims Military Budget Request

By Jonathan Fuerbringer
New York Times Service

WASHINGTON — The Republican-controlled Senate has approved a $295-billion military bill for fiscal year 1987, $25 billion less than requested by President Ronald Reagan.

The cuts would mean a major reduction in Mr. Reagan's anti-missile research program.

The Senate was forced into a rare Saturday session because of the push to complete major legislation before the scheduled start Friday of a three-week summer recess.

The Republican and Democratic leadership, ending a two-week deadlock, reached a procedural agreement Saturday to begin debate this week on imposing economic sanctions on South Africa and giving military aid to the rebels in Nicaragua. But the Senate's unanimous consent is needed for this agreement to become binding.

Under the agreement, if there is no vote to limit debate on both issues the Senate will cancel as much of the recess as it takes to complete action. The threat of losing the August recess is being used to force senators who might block action to allow final votes by the end of this week.

The procedural agreement also opens the way for approval of separate legislation for a $244-billion increase in the government's debt ceiling, which has also been held up by the deadlocks on South Africa and Nicaragua. That measure includes a proposal to restore a mechanism for automatic spending cuts to the budget-balancing law.

In six days of grueling debate on the bill extending and establishing military programs, arms control was the underlying theme. The bill gently disagrees with the president's policy on negotiations for a comprehensive test ban and on the second strategic arms treaty, and with the scope and role of the anti-missile research program.

The Senate bill, for instance, says the major emphasis in design of the missile shield should be to protect America's retaliatory missiles, not the entire population.

The Democratic-controlled House took the challenge further Friday, approving, 235-155, a one-year ban on underground nuclear tests with an explosive force of more than 1,000 tons of TNT if the Russians agree to do the same and agree to monitoring of nuclear tests at the test sites.

The two chambers' discussion came as American and Soviet arms control officials prepared to meet Monday in Moscow for discussions of arms issues.

The Senate bill is also another stark symbol of the last two years' shift of opinion on the nation's military buildup. After four years of steady increases for the Pentagon, the military budget for fiscal year 1986 was cut below the 1985 level of $294.7 billion, and it is expected to remain below that level in 1987.

The military bill before the Senate approves programs that would exceed the $292.2-billion spending level set in Congress's budget resolution for 1987. But the programs would still be $25 billion less than what Mr. Reagan had requested.

The bill's architects say the measure cuts Pentagon programs too deeply. But they said that Congress, driven by the pressures to reduce the federal deficit and a growing resentment of the Pentagon's inexorably rising demands, left them no choice.

Senator Barry Goldwater, Republican of Arizona, lamented,

See MILITARY, Page 3

Gorbachev Overhauling Foreign Policy System

By Philip Taubman
New York Times Service

MOSCOW — The Soviet Union's foreign policy apparatus has been undergoing a major overhaul, including the most thorough reorganization of the Foreign Ministry in memory, according to Soviet officials and Western diplomats.

The structural and personnel changes have resulted in a shift of authority away from the Foreign Ministry to the Communist Party's Central Committee.

The key person in policy-making now is Anatoli F. Dobrynin, the longtime ambassador to the United States who, as a national party secretary, became a member of the top leadership in February.

The changes have contributed to the development under Mikhail S. Gorbachev of a more flexible, less dogmatic foreign policy that presents new challenges, problems and opportunities for the West.

Western diplomats cited Soviet overtures to China and Israel as well as improved relations with the United States as evidence of a less ideological approach.

"There is a degree of suppleness they have not shown before," a Western diplomat said.

The recent movement in arms-control talks stems in part from Soviet proposals in June that bore Mr. Dobrynin's pragmatic stamp, diplomats said.

Moscow proposed a compromise on medium-range missiles and offered cuts in strategic forces in exchange for an extension of the 1972 anti-ballistic missile treaty that would have the effect of delaying U.S. development of a space-based missile defense.

A Western diplomat suggested that the Soviet diplomatic offensive might eventually force the United States to re-evaluate policies.

Diplomats have been particularly struck by Mr. Gorbachev's praise of China in a recent speech, including a call for discussion of economic institutional changes.

Moscow announced last week that Soviet and Israeli officials would meet this month to discuss the opening of consulates, the first move toward improved relations since the Soviet Union broke ties during the 1967 Arab-Israeli war.

Soviet officials said the consular talks did not signify a basic change in policy toward Israel and would not necessarily lead to the resumption of diplomatic relations.

Many of the Soviet policy changes are being attributed by diplomats to the influence of Mr. Dobrynin, who in his new post has emerged as Mr. Gorbachev's strategist on foreign affairs. Under his direction, the International Department of the Central Committee has developed into a center for the development of policy options.

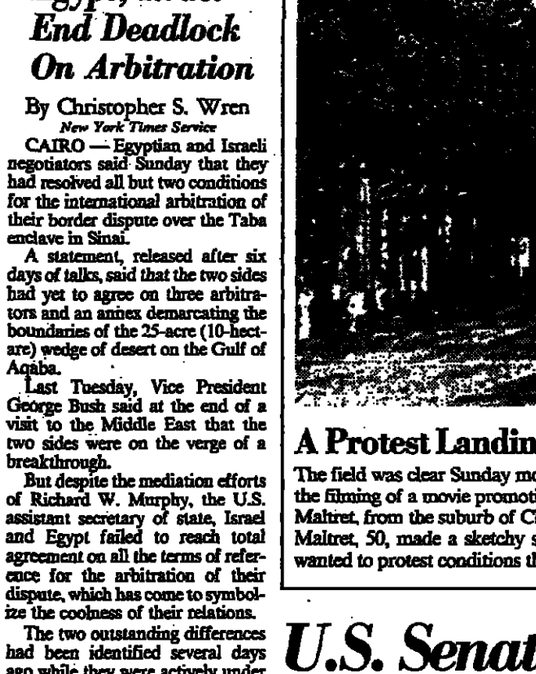
Mr. Dobrynin's senior deputy is Georgi M. Korniyenko, who gave up his post as a first deputy foreign minister to move to the International Department. He was an aide to Mr. Dobrynin in Washington in the early 1960s.

A Foreign Ministry official confirmed that major decisions were now being made at "senior party levels."

In the past, the International Department handled mainly relations with foreign Communist parties and did not play a major role in foreign policy in general, according to Soviet officials.

Mr. Dobrynin has maintained a high profile since returning after 24 years as ambassador in Washing-

See SOVIET, Page 2



Dennis Cook/The Associated Press

Reagan Fine After Urological Test

"Everything's normal, everything's fine," President Ronald Reagan said as he and Mrs. Reagan left Bethesda Naval Hospital in Maryland following the 75-year-old president's urological examination. Mr. Reagan's physician, Dr. T. Burton Smith, said the two-hour examination Saturday "revealed no abnormalities."

U.S. Sends Arms Experts To Soviet for Key Talks

By Celestine Bohlen
Washington Post Service

MOSCOW — A group of U.S. arms control specialists, headed by Paul H. Nitze, arrived in Moscow on Sunday for talks viewed as pivotal for any breakthrough in the 16-month stalemate at the Geneva arms talks.

The high-level delegation, which includes the U.S. chief negotiator at the Geneva talks, Max M. Kampelman, and Richard N. Perle, assistant secretary of defense, arrived for one of several "preparatory" meetings leading up to the September meetings by Foreign Minister Eduard A. Shevardnadze and Secretary of State George P. Shultz.

The Shultz-Shevardnadze meetings, which will take place just as Soviet and American arms negotiators return for a sixth round in Geneva, is expected to decide if and when President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, meet this year.

The talks on nuclear and space arms, scheduled to take place Monday and Tuesday, will be with a four-member Soviet delegation headed by Viktor P. Karpov. Mr. Karpov also heads the Soviet delegation at the talks in Geneva and is chief of a newly created arms control department at the Foreign Ministry.

The other members of the Soviet group are Alexei Obukhov, Colonel General Nikolai Chervov, and Nikolai Ditinov, a former military adviser at the Geneva talks.

On the American side are Mr. Nitze, Mr. Kampelman, Mr. Perle, an arms adviser, Edward L. Rowny, a Geneva negotiator, Maynard W. Glitman, a White House assistant, Ronald F. Lehman and Colonel Robert B. Linhard.

The meetings come at a critical juncture in the latest phase of arms negotiations. Their timing is considered propitious, coinciding with the recent exchange of potentially promising arms control proposals and with the diplomatic build-up to a possible summit.

"In my personal opinion," a Western diplomat said, "it is the most important arms control meeting in two years."

Mr. Reagan sent a letter to Mr. Gorbachev on July 25 giving his response to a Soviet initiative first put forward at the Geneva talks on June 11. The Soviet initiative proposed a 30 percent cut in strategic forces and a 15-year mutual commitment to the 1972 anti-ballistic missile treaty, viewed as a forced delay of Mr. Reagan's Strategic Defense Initiative, or space-based missile defense.

Mr. Reagan's response has not been made public, but administration sources have said it offers a delay on the development of space project and repeats an offer to share new space defense technology with the Soviet Union.

Disclosures of the letter have been criticized in the Soviet press. Pravda took exception Sunday to the view circulated in the American press that the Reagan letter showed the administration's readiness for "serious negotiations" and its willingness to "reach a compromise."

Pravda said this was quickly "extolled by official propaganda," but noted that when the president's real position became known, it was clear that it did not represent "new ideas," but a "direct attack on the ABM treaty."

The point was made more forcefully today on television by a commentator, Alexander Bovin, whose remarks were later reprinted by the press agency Tass. Mr. Bovin said a

See SUMMIT, Page 2

AP
Paul H. Nitze

General Slain In India; Was Sikh Target

By Steven R. Weisman
New York Times Service

NEW DELHI — A retired army chief of staff who supervised the 1984 raid on the Golden Temple at Amritsar, the Sikh religion's holiest shrine, was shot and killed Sunday in the city of Pune, a few days after receiving a death threat from Sikh extremists.

Four young assailants escaped on two motor scooters after killing General Arun S. Vaidya, according to the police in Pune, 100 miles (160 kilometers) east of Bombay. The general's wife, who was sitting next to him in the car, was wounded in the thigh and shoulder.

The murder of General Vaidya, 60, stunned Indian leaders, and the episode once again threatened to aggravate tensions between Hindus and Sikhs throughout the country.

Prime Minister Rajiv Gandhi, who was in Czechoslovakia on the last leg of a one-week trip abroad, expressed shock and grief, praising General Vaidya as "a gallant and distinguished soldier who served India with devotion."

The government issued a nationwide "red alert," instructing local authorities to watch out for possible violence. Police in the capital intensified their patrols to prevent a recurrence of the clashes last month after the murder of Hindus on a bus in Punjab. Late Sunday, there were no reports of disturbances.

News agencies said Pune was placed under a curfew after a Hindu activist group called for a protest strike.

The murder came as Indian police officials have claimed increasing success in arresting or shooting suspected Sikh terrorists.

Three top commanders of a so-called Sikh commando force were arrested Saturday in the northern state of Punjab, with the result that police officials said they were close to eliminating a key unit of terrorists.

According to Indian news agencies, witnesses described the assailants of General Vaidya as clean-shaven young men. The accounts mentioned this because wearing a beard is a central tenet of the Sikh religion.

This raised the possibility that

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Moses and Lou Grant Are Stand-Ins in a U.S. Race

By Sidney Blumenthal
Washington Post Service

WASHINGTON — The 23d Congressional District of Pennsylvania is the least densely populated district in the East; its biggest city is State College, home of Pennsylvania State University.

This bucolic tableau is not untroubled, however. Most of the counties in the district have unemployment rates above 10 percent, and a lot of farmers teeter on the edge of ruin.

Against this backdrop, an unusual summer stock production has opened. It features two stars, Edward Asner and Charlton Heston, continuing a long-running feud.

The drama between the rivals in a battle to dominate the Screen Actors Guild, whose president was once Ronald Reagan, has been made possible by a drama of more local interest.

In 1984, while President Reagan was winning an impressive victory majority in the district of 63 percent, the 23d District's Republican representative in the House, William F. Clinger Jr., barely survived, winning re-election by 52 percent. At campaign's end, he said he felt "drained."

This year Mr. Clinger, 58, faces the same opponent, Bill Wachob, 33, a Democratic state legislator from State College, whose energy has been unflagging.

Though Mr. Wachob came close last time, he was outspent by about $100,000. So fund raising is among his principal tasks.

When the Democratic Congressional Campaign Committee gave him a list of celebrities willing to campaign, Mr. Wachob took it to his local business supporters. The name they chose was that of Mr. Asner, who played Lou Grant in the television series of that name.

In late June newspaper advertisements and leaflets urged voters to come to see Lou Grant and give money to Bill Wachob. But the coming of a celebrity caused alarm in the Clinger campaign, which viewed it as misleading.

"Our biggest concern," said Jim Clarke, Mr. Clinger's campaign manager, "was that our opponent was advertising Asner as Lou Grant. We wanted people to know he is not Lou Grant, that he is an actor."

By June 29, when hundreds of Wachob backers turned out to see "Lou Grant," the air was filled with Mr. Clinger's allegations.

"Lovable old Lou Grant is not all he appears to be," Mr. Clinger said in a news release. Mr. Asner "is a spokesman for the extreme left wing of the Democratic Party," he said. "How can you bring in someone who has helped spread Soviet propaganda in this country?"

Mr. Clinger's tone upset some of his supporters. He is, after all, a leader of the moderate Republican Wednesday Group in the House, who does not follow every lead of the Reagan administration.

"Clinger Remarks on Asner Hit Below the Belt," editorialized the Centre Daily News, the district's largest newspaper, which backed Mr. Clinger in 1984.

But Mr. Clinger was not deterred from pursuing the "actor" issue at the Wednesday Group's theater evening at the Kennedy Center in Washington, where Mr. Heston was playing Captain Queeg in the play "The Caine Mutiny Court-Martial."

At a dinner with the cast Mr. Clinger approached Mr. Heston.

"I went up to him," Mr. Clinger said, "and I

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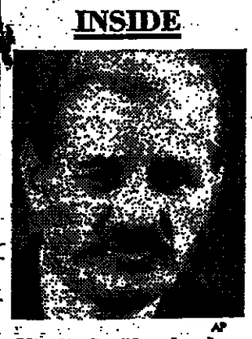
'Never doubt that performance is an essential ingredient in political leadership.'

— Charlton Heston

INSIDE



AP
Vitali S. Yurchenko, who defected, then slipped away, said the CIA asked him to lie about pope plot. Page 2.

GENERAL NEWS

■ Lebanese Christian militiamen fought in East Beirut, apparently for control of the Lebanese Forces militia. Page 2

■ White farmers in South Africa are persevering, despite fears that black majority rule is inevitable. Page 3.

■ Many Japanese say it is time to stop apologizing for their actions in World War II. Page 5.

BUSINESS/FINANCE

■ Peru ordered private companies to stop paying off foreign loans for two years. Page 7.

PERSONAL INVESTING

■ Seminars are a popular way for investors to learn about trends and pick up tips, but the quality of that information can vary greatly. Page 11.

U.S. Policy in Lebanon Endangers Hostages, Extremist Group Says

By Ihsan A. Hijazi
New York Times Service

BEIRUT — A statement purportedly issued by Islamic Jihad has warned the United States that its policy in Lebanon was harming the case of American hostages.

The statement also appeared to reject appeals in New York on Friday by Terry Waite, a special envoy from the Church of England, that negotiations for the release of the hostages be renewed.

In its reference to the United States, the statement, typewritten in Arabic, said: "They must know that persisting in their policy toward the peoples of the Third World and Lebanon in particular will not be helpful to the case of the hostages."

Copies of the text were delivered Saturday to offices of international news agencies here, along with a photograph of one American hostage, David P. Jacobsen.

The group has made it a practice to issue photographs of the captives it is holding, in order, it has said, to lend credibility to its assertions. There is still no way of verifying the authenticity of the statement on Saturday because of the secrecy surrounding Islamic Jihad. It is believed to be made up of Shiite Moslem militants loyal to Ayatollah Ruhollah Khomeini, Iran's religious patriarch and leader of its Islamic revolution.

This was the third time in three weeks that pictures of Mr. Jacobsen have been made public. Last month, he appeared on a seven-minute videotape that was carried out by the Reverend Lawrence Martin Jenco, an American Roman Catholic priest who had been held hostage for nearly 19 months before being freed on July 26.

A week ago, a statement purporting to come from Islamic Jihad denied that it had sent secret messages with Father Jenco to President Ronald Reagan, Pope John Paul II, and the Most Reverend Robert Runcie, the archbishop of Canterbury. It was accompanied by a photograph of Mr. Jacobsen similar to the one that was circulated on Saturday.

The organization did not explain why only Mr. Jacobsen's pictures were being made public. It has said it was holding two other Americans, Terry A. Anderson, the chief Middle East correspondent for The Associated Press, and Thomas M. Sutherland, the dean of agriculture at the American University of Beirut.

Last October, the group said it had killed William Buckley, an American diplomat it was holding captive. No body was found, however.

A Lebanese news agency based in East Beirut, the Christian sector of the capital, said on Saturday that Mr. Anderson was ill and bedridden. The news service, the Central News Agency, cited diplomatic sources. It did not say what Mr. Anderson was suffering from, but reported that his captors had supplied him with medicine.

It quoted the unidentified diplomatic sources as saying that the other hostages were in good health. Islamic Jihad also says it is holding two French diplomats and a French journalist.

The Central News Agency report was broadcast by Voice of Lebanon, the radio station of the Phalangist Party of President Amin Gemayel. It quoted security sources whom it did not name as saying that negotiations were under way for the release of some hostages, including one American. They were not identified.

The Islamic Jihad statement said recent declarations by Secretary of State George P. Shultz reflected "the arrogance of the Great Satan."

"The Great Satan" is a phrase used by Ayatollah Khomeini to refer to the U.S. government.

Islamic Jihad did not say which of Mr. Shultz's statements it was referring to. Mr. Shultz has gone on record as rejecting any negotiations with terrorists.

The statement also said the hostages would soon "address a message to the American people." It did not give a date.

The statement said that those who have been issuing pleas for the release of the hostages should take the organization's demands into account. The group has demanded that Kuwait free 17 colleagues convicted in a series of bomb attacks in December 1983.

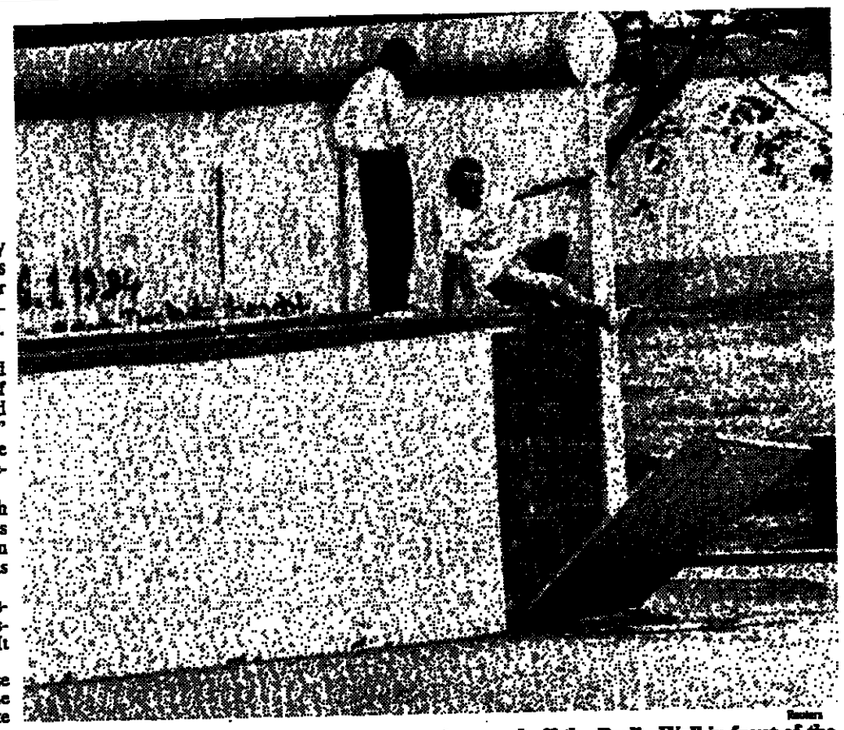
The group's statement about those issuing pleas for the hostages' release was believed to be an allusion to Mr. Waite. At a news conference in New York on Friday, Mr. Waite, who visited Beirut three times last year but failed to secure freedom for the American hostages, renewed his appeal to the kidnappers to speak with him again about their captives.

The Islamic Jihad statement said that those making "publicity pleas" were serving their own interests.

The statement said those who sought the release of the hostages ought to devote part of their energies to freeing prisoners in Israel, Europe, and Arab countries that the group did not name.

Islamic Jihad has asked that France release five Shiite activists in return for the release of the French captives held in Lebanon.

The statement also said that continuing current U.S. policy in the Middle East "will not solve the problem of the hostages but threatens serious consequences for which the American government will be responsible and the effects of which will be felt by the American people for keeping silent."



Reuters

A West German demonstrator kicking a wooden panel off the Berlin Wall in front of the Brandenburg Gate. An East German flag was torn down. Another protester is at left.

Guards Taunted at the Berlin Wall 3 Days Before Its 25th Anniversary

Reuters

BERLIN — Demonstrators protesting the approaching 25th anniversary of the Berlin Wall scaled the barrier Sunday and taunted Communist border guards with West German flags and slogans.

Police said a 30-year-old man had started two fires on a wooden stretch of the wall in front of the Brandenburg Gate.

The fires were put out by border guards and the man was held briefly by British military police.

[The East Germany Foreign Ministry protested the demonstrations, calling them "serious provocations," Reuters reported from Berlin, quoting a dispatch by the East German news agency ADN.]

[The agency said that the Foreign Ministry had accused West German police of not doing enough to stop the protests and had demanded damages from the West Berlin Senate. A spokesmen for the Senate said West Berlin bore no responsibility for the protests because they had occurred in East Berlin.]

Seventy-four people have been killed in attempts to cross to the Western side since the wall was built. The 166-kilometer (103-mile) wall is guarded at crossing points and from observation towers.

The East German leader, Erich Honecker, is due to speak in East Berlin on Wednesday, the anniversary of the wall's construction.

In West Berlin, Chancellor Helmut Kohl of West Germany is expected to denounce the wall Wednesday at a rally to commemorate those killed.

Mr. Honecker, who at the time was the East German security chief, sent out the militia in the early hours of Aug. 13, 1961, to draw a line of barbed wire and brick across streets at a time when an exodus of highly skilled workers was draining the East German economy.

The Western allies refuse to recognize the wall as an international border.

The protests began Saturday when small groups crossed the wall near the Brandenburg Gate and waved West German flags. An East German flag was torn down.

A man pulled stones from the wall and threw them at approaching East German guards.

The demonstrators sang the West German national anthem and chanted "Deutschland, Deutschland."

The East German guards did not intervene, although as many as 16 protesters were on Eastern side of the wall at a time.

In a letter to the East German government, the activists said: "Only when peoples and not just governments can meet without complications can prejudices be reduced and mutual confidence grow."

2 Factions Battle in Christian East Beirut

By Ihsan A. Hijazi
New York Times Service

BEIRUT — Gunbattles raged Sunday between rival Christian factions in East Beirut, and then spread north to the port of Jounieh and east to the mountains.

Radio reports said fighters loyal to the Phalangist Party of President Amin Gemayel were gaining the upper hand against supporters of Samir Geagea, the commander of the Lebanese Forces militia.

In a separate development, Israeli planes and helicopter gunships attacked what the Israelis described as guerrilla positions in two Palestinian camps near Sidon. Five civilians reportedly were wounded.

Information obtained from East Beirut, the predominantly Christian side of the Lebanese capital, said militiamen set up roadblocks and used earth mounds to close main streets, including the main highway linking Beirut with Jounieh.

Voice of Lebanon, the Phalangist radio station, spoke of shooting in Jounieh, 12 miles (20 kilometers) north of Beirut, but gave no details.

Phalangist forces were reported to have gained control of Mr. Geagea's Free Lebanon radio station in the suburb of Karantina, where the militia chief has his headquarters.

A West Beirut radio station, Voice of the Nation, said Phalangists overran two of Mr. Geagea's positions in the Upper Metn, in the eastern mountains and the home district of Mr. Gemayel.

In March last year, Mr. Geagea led a revolt that challenged the Phalangist leadership and turned the militia into an autonomous body.

The paramilitary force was originally set up by the Phalangist Party at the outbreak of the Lebanese civil war 11 years ago.

Last January, Mr. Geagea and the Phalangists joined to remove the militia commander, Elie Hobeika, after he had signed a Syrian-sponsored peace pact that Christians believed had downgraded their rights in favor of those of Moslems.

WORLD BRIEFS

Peru Uses Jets Against Cocaine Bases

LIMA (Combined Dispatches) — The Peruvian government has begun a major campaign against cocaine, sending two squadrons of air force planes against traffickers' bases in the Amazon jungle.

Interior Minister Abel Salinas said at a news conference that at the outset of the operation, Saturday afternoon, the jets strafed, bombed and fired rockets at 2 of the 12 bases targeted by the campaign. He said the planes had been called in after helicopters carrying members of the Civil Guard were fired on from the drug camps, in northeastern Peru near the Colombian border.

Mr. Salinas said that Peru would "not allow foreign forces to enter the country to fight the scourge." Neighboring Bolivia began an anti-cocaine drive July 16 with the backing of 170 U.S. troops and six Black Hawk helicopters. Peru and Bolivia grow about 90 percent of the coca leaf used in the world's cocaine, according to narcotics experts. *(Reuters, AP)*

Police Break Up Funeral at Soweto

JOHANNESBURG (NYT) — The police used tear gas Saturday to disperse a crowd of about 2,000 mourners at a funeral in Johannesburg's black township of Soweto, officials said.

The funeral was being held for three teen-agers who died in fighting between rival groups last week in Soweto. Residents said the three youths were active in opposing the government's policy of apartheid, the system of racial segregation.

The government also confirmed that officials had evicted black families who refused to pay rent in the townships of Sebokeng and Boipitong, 30 miles (50 kilometers) south of Johannesburg. Sources said one dozen to two dozen families appeared to have been affected.

Five Die During Mont Blanc Fete

CHAMONIX, France (Reuters) — Five climbers fell to their deaths over the weekend on Mont Blanc, Europe's highest peak, where thousands of people were celebrating the first successful climb to the summit 200 years ago.

Rescue police said Sunday they recovered the bodies of three climbers who plunged more than 1,600 feet (500 meters) Saturday while scaling the northwest face of the Aiguille Verte peak. They also found the body of a German climber who fell Saturday while descending the 12,309-foot Tour Ronde. The police also said that a French climber had fallen to his death on Sunday.

The mountain was the site of a celebration over the weekend of the first successful climb to the 15,770-foot summit by a French doctor, Michel Paccard, and his guide, Jacques Balmat, on Aug. 8, 1786.

Queen Elizabeth Goes for a Checkup

AP

Queen Elizabeth II

LONDON (AP) — Queen Elizabeth II underwent medical tests at a hospital last week and is in good health, a Buckingham Palace spokesman said Sunday.

The palace refused to confirm British press reports that the 60-year-old monarch underwent heart-monitoring at National Heart Hospital in London, Britain's leading cardiac center.

A spokesman said: "The queen underwent a routine examination last Tuesday." Asked whether the hospital was the National Heart Hospital, he said: "I think it was, but I'm not sure." Queen Elizabeth, never known to have been seriously ill, has appeared in robust health keeping a busy schedule.

TABA: *Egypt, Israel Near Accord*

(Continued from Page 1)

talks as marking an important phase in the negotiations over Taba. But, he cautioned, the agreement would not be final until it was signed.

The dispute over Taba, a resort with 700 meters (760 yards) of beachfront, is the most prominent of 15 border points in contention along Egypt's border with Israel. It became an issue after Israel completed its evacuation of the rest of Sinai in 1982.

Israel has challenged the accuracy of maps dating back to the beginning of this century that put Taba on the Egyptian side of the frontier. Egypt, in response, contended that Israel accepted Egypt's claim to Taba by returning it after their 1956 war.

Originally, Israel wanted to refer the dispute to nonbinding conciliation, but in January it agreed conditionally to Egypt's demand for an arbitration of the dispute.

The negotiations since have been over how to frame the question that will be decided by the arbitrators.

Military survey specialists from Israel, Egypt and the United States are expected to go to Taba this week to start mapping the Taba area. The newspaper Al Ahram quoted Mr. Arabi as saying that the survey would last two or three weeks.

The maps will become part of the technical annex to the agreement on which the arbitrators will depend.

Israel had hoped that by agreeing to the international arbitration of Taba, it would improve diplomatic and other links with Egypt, which withdrew its ambassador from Tel Aviv to protest the 1982 Israeli invasion of Lebanon.

The arbitration of the Taba issue became one of three Egyptian preconditions for better relations. The others were Israel's military withdrawal from Lebanon and better conditions for Palestinians living in the occupied West Bank and Gaza Strip.

AP

Nabil el-Arabi

The Israelis have suggested that the settlement of the terms of arbitration will lead to a summit meeting between Prime Minister Shimon Peres and President Hosni Mubarak, perhaps early next month.

Progress Cited in Effort To End Split in the PLO

By Ihsan A. Hijazi
New York Times Service

BEIKUT — Three factions of the Palestine Liberation Organization have announced progress in efforts to end a three-year dispute within the group.

The assessments, made public last week, came after a meeting of the factions in Moscow. The Kremlin is said to have been pressing the PLO to close ranks in preparation for any possible Middle East peace conference, in which the Russians would like to take part.

A statement issued by the Democratic Front for the Liberation of Palestine, a Marxist faction, said the talks were a "positive development that paves the road to a Palestinian national dialogue."

Also taking part were el-Fatah, the mainstream group led by Yasser Arafat, the PLO chairman, and the Soviet-oriented Palestine Communist Party.

[Mr. Arafat and his top lieutenants met in Baghdad on Saturday to plan new steps to heal the divisions within the PLO, The Associated Press reported from Baghdad.

[PLO officials in the Iraqi capital said the meeting of the PLO executive committee probably would run through Monday. The officials refused to say how many of the committee's 10 members were taking part in the talks, nor would they say if any of the anti-Arafat groups were represented.]

In March 1983, the PLO broke into three groupings, one loyal to Mr. Arafat, another forming the Democratic Alliance and a third opposed to Mr. Arafat.

It was the intention of the Democratic Alliance to act as a go-between for supporters and opponents of Mr. Arafat. In the third grouping, six factions set up the Palestine National Salvation Front in Damascus, the Syrian capital.

The Palestine National Salvation Front is backed by Syria. The grouping has accused Mr. Arafat of having a policy of capitulation to Israel and to King Hussein of Jordan and President Hosni Mubarak of Egypt.

Militants in the Palestine National Salvation Front, like Ahmed Jebril of the Popular Front for the Liberation of Palestine-General Command, and Sayed Musa, leader of a rebel Fatah group, have said they will accept nothing less than the removal of Mr. Arafat as leader of the PLO.

But another faction in the front, the Popular Front for the Liberation of Palestine, which is led by Georges Habash, has indicated a willingness for reconciliation with Mr. Arafat if he renounces a pact he signed with King Hussein in February 1985.

The pact provided for a joint Palestinian-Jordanian approach to seeking peace talks with Israel.

Although Hussein ended contacts with Mr. Arafat in February and has since closed 25 Fatah offices in Jordan, the PLO has avoided a total break with Amman.

The Democratic Front for the Liberation of Palestine, in a statement issued Wednesday, said the Fatah representative in the Moscow talks had promised that the accord between Hussein and Mr. Arafat would not be allowed to become an obstacle to reconciliation among the Palestinians.

According to PLO sources, the next steps would be for members of the Democratic Alliance and the Palestine National Salvation Front to consult and for Soviet officials to contact the Syrian government in an effort to end the strain between President Hafez al-Assad and Mr. Arafat.

If these efforts prove successful, the sources said, the Palestine National Council, which functions as a sort of parliament for the PLO, would be asked to meet in special session to elect a new PLO executive committee.

Mr. Arafat's opponents boycotted the last session of the 500-member group in Amman, Jordan, in November 1984. As a result they are not represented on the executive committee.

68,000 U.S. Phone Workers Strike

WASHINGTON (AP) — About 68,000 telephone workers in New York state and 12 Western states walked off their jobs Sunday, but strikes across much of the United States, including the mid-Atlantic states and the Southwest, were averted.

Picket lines went up shortly after midnight across much of the West from Arizona to the Dakotas as well as in New York state but the effect of the walkout was hardly noticeable to residential customers, because of the high level of automation in the telephone industry. Industry analysts said business customers might begin to face delays in some services if the strike continued past the weekend.

Affected by the walkout were New York Telephone and Mountain Bell and Northwest Bell. Management employees took over directory assistance and repair work, according to company spokesmen.

Some Philippine Rebels Offer Truce

CAGAYAN DE ORO, Philippines (Reuters) — Communists in the southern Philippines have declared a unilateral truce in their guerrilla war against the government, a provincial governor said Saturday.

Governor Vicente Emano of Misamis Oriental province said that top Communist leaders promised Friday not to attack military forces on Mindanao Island while talks were under way with government negotiators.

It was not known if the truce had been approved by the Communist national leadership, which had resisted suggestions of local cease-fires. The Communist New People's Army has an estimated strength of 16,500 men, most of them on Mindanao. Its envoys are currently discussing with government officials a possible nationwide cease-fire in the 17-year guerrilla war.

For the Record

Sri Lanka has refused to extend the visa of the British Broadcasting Corp. correspondent in Colombo, Humphrey Hawksley, and has asked him to leave the country immediately, a government official said. He was accused of biased reporting on the island's ethnic problem. *(Reuters)*

The Soviet Union warned Saturday that it would test fire missiles in the Pacific Ocean from Aug. 12 to 22. The press agency Tass said the targeted area was a 110 nautical-mile radius around a point 15 degrees 30 minutes latitude north and 177 degrees longitude east. *(AFP)*

Four Americans and eight Colombians have been indicted on charges of using an airplane repair company named Air America Inc. to import 7.5 tons (6.8 metric tons) of cocaine since 1980, at a profit of more than $25 million, U.S. authorities said Friday in Scranton, Pennsylvania. *(NYT)*

A group of 113 Iranian pilgrims was arrested by Saudi Arabian police on their arrival at Jeddah, Iran's official news agency reported Sunday. No official explanation for the arrests was given. *(AP)*

Yurchenko Says CIA Asked Him to Lie on Pope Plot

By Celestine Bohlen
Washington Post Service

MOSCOW — Vitali S. Yurchenko, the Soviet defector who made a dramatic return to Moscow in November, has told a newspaper here that the Central Intelligence Agency tried to have him implicate the Soviet Union in the 1981 attempt to kill Pope John Paul II.

In an interview published by Moskovskaya Pravda on Saturday, Mr. Yurchenko, identified by Washington as an intelligence officer, also said that the CIA had tried to get him to make public statements about Soviet plans to subvert Central America.

When he asked for proof, Mr. Yurchenko said, he was told not to worry. Materials and documents would be brought to him, he said he was told, and he would only have to say they were genuine.

"Our press will do what it can so people believe you," he quoted from remarks by a person identified to him as Tom Fountain, a deputy CIA director. "It has had comparable experience."

The U.S. Federal Executive Directory, which includes a list of CIA personnel at the deputy director level, does not show anyone named Fountain.

Mr. Yurchenko also asserted that William J. Casey, director of the Central Intelligence Agency, had told him during a meeting that it was necessary to persuade the world that all anti-American activity in Latin America was directed by Moscow.

On the attempt to kill the pope, he said that the CIA was preparing him to testify in Rome that the KGB, the Soviet secret police, had worked with Bulgarians in a plot.

Mr. Yurchenko was to play the part of someone named "Malenkov," who supposedly met in Bulgaria with Sergei Antonov, the Bulgarian airline official who was accused of conspiring with Mehmet Ali Agca, the Turk convicted in the shooting.

As "Malenkov," Mr. Yurchenko said in the interview, he was to testify he had given the Turkish gunman three million West German marks for the shooting.

"In presenting me as a ranking KGB officer, the Americans hoped to give special weight to my testimony and to exert a decisive influence over the course of the Rome trial," he said.

Mr. Yurchenko, who has said he was an embassy security officer, not an intelligence official, disappeared in Rome in August 1985. He turned up in the United States, eluded a CIA escort at a Washington restaurant in November and went to the Soviet Embassy.

At a news conference in the Soviet Embassy before going home, he said he had been drugged and coerced by the CIA.

The publication of the Moskovskaya Pravda interview came two days after the Soviet press agency Tass announced that a former CIA operative, Edward Lee Howard, had been granted political asylum in the Soviet Union.

Mr. Howard, who worked for the CIA from 1981 to 1983, was being trained to work in Moscow. He was dismissed after failing a lie detector test. An investigation revealed a history of alcoholism and drug use. Then, under surveillance, he vanished from his New Mexico home.

It was Mr. Yurchenko who, while in CIA custody, apparently tipped U.S. intelligence to Mr. Howard's role in passing information to the KGB.

Mr. Yurchenko said he was under medical care in December and January and then returned to his "old job" in March. He did not elaborate about the nature of his "old job."

SOVIET: *Gorbachev Takes Over Foreign Policy System*

(Continued from Page 1)

ton, meeting with foreign leaders and delegations and delivering policy speeches.

He has met several times with Ambassador Arthur A. Hartman of the United States and with visiting U.S. officials. Although active in formulating policy, Mr. Dobrynin has apparently left the day-to-day conduct of diplomacy with the United States to Foreign Minister Eduard A. Shevardnadze and his deputies.

A Western diplomat said Mr. Dobrynin was "interested in talking about general policy questions, not in making specific deals."

In Washington, Mr. Dobrynin often served as a "back channel" in dealings between the two countries, establishing direct relations with successive presidents and their national security advisers.

Until a year ago, the dominant player in foreign policy was Andrei A. Gromyko, foreign minister from 1957 until he was promoted to the mostly ceremonial post of president.

Because of his experience, Mr. Gromyko was able to make the Foreign Ministry the locus of power in foreign affairs, but Mr. Gorbachev made clear soon after assuming office in March 1985 that he wanted the party to take control.

The changes at the Foreign Ministry include the appointment of a new team of diplomats, the creation of departments to deal with such issues as arms control and human rights and a realignment of regional offices that replaced a system basically unchanged since czarist times.

The realignment of regional offices ended a number of anomalies rooted in 19th century diplomacy.

Australia and New Zealand, for example, were removed from the Second European Department, which they had shared with Britain, Ireland, Canada and Malta, and transferred to a new Department of Pacific Countries.

SUMMIT: *U.S. Aides Are in Soviet*

(Continued from Page 1)

"campaign" had been created around the letter aimed at fostering "the impression that the United States is meeting half-way the Soviet Union's wishes which open the door to a summit meeting."

■ House Votes for Test Ban

Edward Walsh and Helen Dewar of The Washington Post reported earlier from Washington:

The Democratic-controlled House voted Friday to impose a one-year ban on U.S. tests of nuclear weapons, if the Soviet Union agreed to such a moratorium and allowed on-site verification.

The measure appeared unlikely to clear the Republican-controlled Senate, but it was hailed by its sponsors as a significant step toward forcing the Reagan administration to negotiate a comprehensive test-ban treaty with Moscow.

The administration immediately denounced the House action, which came a day after the Senate approved a nonbinding resolution calling for a test-ban treaty.

The vote was 234-155, with 200 Democrats and 34 Republicans supporting the amendment.

The nuclear test-ban measure would bar the use of government funds to test nuclear devices of more than one kiloton, or 1,000 tons of TNT, for one year beginning Jan. 1.

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AP

Arun S. Vaidya

INDIA: *General Killed After Threat*

(Continued from Page 1)

the assassins might not have been Sikhs, although there have been unconfirmed reports that some Sikh militants have shaved their beards as their campaign has become more sophisticated.

No individual or group claimed responsibility for the shooting, but there was little doubt among the police and other analysts that General Vaidya had been shot by Sikh radicals.

The general was widely known to have been a target of Sikh extremists because of his role in the ouster of Sikhs from the Golden Temple June 6, 1984, during which hundreds of people were killed, including the radical leader Jarnail Singh Bhindranwale.

Prime Minister Indira Gandhi was assassinated the following Oct. 31 by two Sikh security guards in apparent retaliation for ordering the raid. At least one top army commander was also murdered after the raid.

According to news agency reports, the shooting Sunday occurred while General Vaidya was driving his private car in a military residential compound in Pune. His wife was in the front seat and a police security guard was in the rear seat.

The reports said that two motor scooters, each carrying two assailants, pulled up to the car and that the gunmen sprayed bullets into the front seat. General Vaidya was reported to have died instantly from head wounds.

The police said General Vaidya had received numerous death threats from Sikh extremists since the Golden Temple raid. The most recent one was reported in an Indian newspaper last Friday.

General Vaidya was long identified with the raid on the Golden Temple, and he was an angry critic of the many Sikh military officers and soldiers who deserted in protest, calling their action "a matter of shame" and "disloyalty."

General Vaidya was acclaimed a hero in India after he helped defeat the Pakistani Army in a tank battle in the 1965 India-Pakistan war.

CHINA: *A Russian Ally Signs a Consular Agreement*

(Continued from Page 1)

ly by the Soviet and Mongolian leadership."

Even if the Russians were to withdraw all of their forces from Mongolia, they would still have several hundred thousand troops along the 4,575-mile Chinese-Soviet border in central Asia and the Far East. The border is the longest between any two nations.

China has often said there are three "obstacles" to improvements in Chinese-Soviet relations: Soviet support of Vietnamese troops in Cambodia, the Soviet intervention of Afghanistan, and the Soviet troops along China's borders.

But the Soviet Union has said it cannot bargain with China on matters concerning "third parties," such as Mongolia.

In March 1984, the Mongolian government said it "categorically rejects" the Chinese demand that the Soviet Union should withdraw troops from its territory.

But later that year, the longtime Mongolian head of state, Yumjaagiyn Tsedenbal, was suddenly dismissed. Since then, as the Soviet Union has sought to improve relations with China, Mongolia has moderated its stand.

Last year, Mongolia signed an agreement on border trade with China.

Fighting Fear That Fight Is Lost, White Farmers Persevere in South Africa

By Alan Cowell
New York Times Service

USUTU, South Africa — The white farmers of this settlement on the Botswana border are preparing for a conflict against black insurgency. To some, the struggle already seems lost.

"Five years from now, we'll have a black government," said a white man who farms cotton on the banks of the Limpopo River, which separates white rule from black in this part of Africa.

The farmer, who lived in Rhodesia before that country became the black-ruled independent country of Zimbabwe in 1980, has farmed here for five years. Like others of similar background, he was drawn here by government incentives that encourage white people to maintain farms in the border area as a buffer zone.

The farmer seemed to base his forecast not so much on the strength of black passions, but on what is perceived as the weakness of the government.

The mistakes, he said, he had seen before in the failure to cripple black-ruled neighbors that might become insurgent bases. These would be Zimbabwe and Botswana, which lies 500 yards (460 meters) from his porch. Despite South African military raids into neighboring countries, he said, most whites here see the authorities as feeble because they have not carried out enough of them.

Then he did a little political arithmetic. Of the scores of whites in this land of bush and scrub and verdant farmlands, five could be counted on to support the government. The rest, he said, stood to the right amid those groups that advocate total racial separation.

Why then, one farmer was asked, if a black government in South Africa seems close, does he continue to improve his farm? The farmer had just completed a $40,000 dam to store the Limpopo's waters for the dry season, and each day he argues on the telephone with the manager of the state plant that holds a monopoly on cotton crops.

The answer was that he wanted to bequeath his farm to his children, who commute to a weekday boarding school in an armored military truck, so that they, like his forebears, would remain here.

And the black government? "Where can you live in Africa anyway without a black government?" he said.

Then, turning to a black tractor driver, he summoned the man in harsh terms. The driver ignored the farmer and drove away.

Around the turn of the year, 13 whites died in land-mine explosions along the Limpopo at other parts of South Africa's borders with Botswana and Zimbabwe. The river is dry at this time of year, an arid course of sand and boulders.

The value of farmland has since dropped to one-tenth of its previous level, said Stoffel van der Walt, a man of the dominant 2.8-million-strong Afrikaner elite who has hewed his 4,000-acre (1,600-hectare) spread from raw bush.

Mr. van der Walt, a 49-year-old father of five, also sends his children to weekday boarding school from a farm about six miles (10 kilometers) back from the border. And he, like his colleague farther north, seemed to hold out some doubts about the future, along with his commitment to staying on land whose value makes him a captive.

The land-mine attacks heightened a sense of hazard in these lands where many farmers have turned their cattle spreads into wild-game ranches and hunting zones because of drought and insecurity. Others farm crops of tomatoes and onions and cotton on fields are fed from underground water.

So the children began going to school in armored military trucks. And people like Mr. van der Walt seemed vindicated in having trained their children to use firearms. With some pride, the farmer showed a visitor how his 13-year-old twins, Petrus, the boy, and Elizabeth, the girl, could load and fire an R-1 automatic rifle, the type used by some of the soldiers and police.

Petrus lobbed an empty paint can and punctured it at 25 yards, displaying the trophy, with a smile, to his father.

In the past, the South African government has accused the black authorities in Botswana of harboring the outlawed African National Congress, the main insurgent group fighting white supremacy in a land whose majority is black.

"Talking to them is no good," said Mr. van der Walt, who was born on the farm next to the one he began creating 11 years ago. "You have to just stop them."

But then he added, with a kind of unspoken despair, "They'll just keep coming."

So why not move away? a visitor asked. "Where else can we go?" Mr. van der Walt said.

At the bar of the Alldays Hotel near here, in the crossroads settlement of that name, a traveler might learn a little of the sentiments that defy what the authorities call their commitment to racial change.

A man, for instance, says with the conviction that comes of inebriation that blacks are given by God to be used "properly" by whites while outside, in a pickup, black laborers in his employ while away an afternoon in the shade.

As always with farmers, there is the question of price: diesel fuel for the irrigation pumps and the tractors; fertilizer that the state sells cheaper for export than it does here on the remote border; the repayments on the loans, and the wages of black seasonal workers who will not come back to people who do not pay them. But where is the money to come from when the crop to be picked by them still has not been sold?

At night, tension is not as high as it once was farther north in Rhodesia. Roadside signs there would tell a motorist not to venture forth after 4 P.M. because that was considered the time the insurgent ambushes started. Here, a visitor might drive back from a bush camp at midevening without fear of incident beyond collision with a leaping kudu.

Reuters

Bon Roos, a white South African farmer, standing guard near a security fence at his farm on the Zimbabwe border.

AMERICAN TOPICS

Asian-Americans Heed Opportunity's Knock

Like the Jewish immigrants of the 1930s and '40s, the Asian immigrants of the 1970s and '80s emphasize "learning and the family" and are motivated by "the sheer energy they get from their opportunity in America," said Murray Kahn, an assistant principal at the elite Stuyvesant High School in New York City, where 36 percent of the students are Asian-Americans.

Educators say newly arrived immigrants from Asia have had extraordinary success in school. In California, nearly a quarter of the college undergraduates are Asian-Americans, although they comprise only 6 percent of the state's population and 2.1 percent of the U.S. population, according to The New York Times.

Contrary to the usual correlation between money or class and academic success, Asian students' good grades at six San Francisco-area high schools were unrelated to their parents levels of education or economic status, according to a study conducted by Sanford M. Dornbusch, a professor at Stanford University.

"There's no question that Asians are working a heck of a lot harder," he said. Mr. Dornbusch's studies found that motivation may suffer from familiarity with the United States. The more English that was spoken in the students' homes, he found, the less well they tended to do in school. "To put it bluntly, America may be a melting pot with low standards," Mr. Dornbusch said.

Short Takes

Sixteen candidates are seeking to become Alaska's next governor, and judging by their campaign messages, says The New York Times, no two have the same solution for the state's most divisive issue: Alaskans' rights of access and use of federally protected land, nearly one-third of the state. The Alaska National Interest Lands Conservation Act passed by Congress in 1980 designated 102 million acres of Alaskan land as national parks or preserves.

Bachelor of science degrees in computer and information sciences awarded by American universities increased by 576 percent between 1974-84, according to figures from the U.S. Education Department. Also better-represented were degrees in business and management, up 75 percent; communications, up 137 percent; and engineering, up 77 percent.

Notes About People

Felix and Elizabeth Rohatyn, a New York financier and his wife, will commit financial aid to 30 sixth-grade public school children in the Lower East Side of Manhattan. Their aid will go to pay for extra tutoring programs and eventually for college fees. Mr. Rohatyn, who suggested last year that "wish parties for charities were misguided, says taking the class under his wing "seems to do some of the things I believe in — namely to combine the private sector and the public sector." Although the amount of the endowment was not specified, similar endowments have been between $250,000 and $500,000, according to The New York Times.

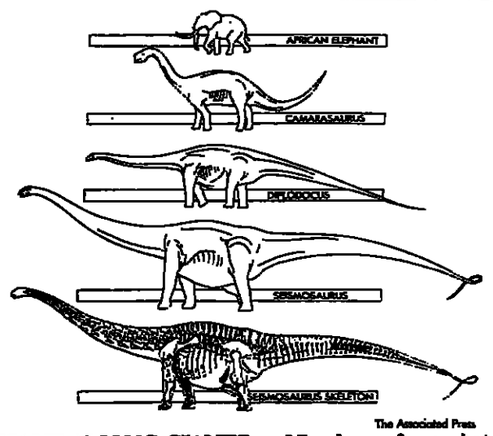
The recently named postmaster general, **Preston Robert Tisch**, a New York business executive, will take charge Aug. 15 of an operation that earns $27 billion a year in revenues, employs 740,000 workers and delivers more than 140 billion pieces of mail a year. Mr. Tisch will be the third postmaster general in three years, and the 67th successor to the nation's first postmaster general, Benjamin Franklin.

Richard Wirthlin, President Ronald Reagan's pollster, sees the Reagan administration's curbs on a socially activist government with a view to the larger sweep of history, reports The Washington Post: "If the New Deal represented the thesis and the Reagan presidency has represented the antithesis, I think by 1988 or 1992 we may be ready for a synthesis," he said.

Proponents of the idea for a national student loan bank hope to eliminate debt burden as a factor in career choices and ease the burden on students in low-paying professions such as teaching. One supporter is **Representative Thomas E. Petri**, Republican of Wisconsin, co-sponsor with **Senator John H. Chafee**, Republican of Rhode Island, of an Income-Dependent Education Assistance Act, now before Congress.

Robert Burchfield, a lexicographer who worked on the latest supplement to the Oxford English Dictionary, had some choice words for some American additions to the dictionary, according to the magazine U.S. News & World Report: Yuppie — "Reviewers could hardly believe we were bold enough to include it." Zap — "One of the most useful new words of the century." Zilch — "An expressive word of unknown origin."

—DAVID HOWLEY



The Associated Press

GIANT AMONG GIANTS — Nine bones from what may have been the largest dinosaur have been excavated near Albuquerque, New Mexico, by David Gillette, top, a paleontologist. Extrapolating from the bones, eight from the tail, he estimated the dinosaur was 100 to 120 feet long, 18 feet tall at the shoulder and weighed 80 tons. He calls it seismosaurus, or "earthshaker."

Crime Is Called Threat to Guatemala's Democracy

By Stephen Kinzer
New York Times Service

GUATEMALA — Violent crime has sharply increased in Guatemala in recent months, and political leaders have said in interviews that they fear it could threaten the country's fragile, six-month-old democracy.

"People here have been told for years that civilian governments are too weak to guarantee public security," said Leonel Brolo Campos, an opposition member of Congress. "The outbreak of violence is turning some people against this government already. If something isn't done to restore confidence, the survival of the democratic regime could be in danger."

Mr. Brolo said that crime in Guatemala had reached levels unknown since the presidency of General Romeo Lucas Garcia, from 1978 to 1982, when thousands of people met violent deaths.

In the Lucas years, however, many crimes were attributed to government agents, and the rate of killings was extraordinarily high. In 1981 alone, 11,000 civilians were killed.

Today, most of the crimes are believed to be the work of common criminals.

But some Guatemalan leaders, including President Marco Vinicio Cerezo, said they suspected that rightists who oppose civilian rule might be behind some criminal violence. They said some crimes, especially murders of well-to-do professionals, had no discernible motive. It is not uncommon for victims to be found with their valuables undisturbed.

"In Guatemala, it has been traditional for the right to use violence to destabilize civilian governments," Mr. Cerezo said. "It could create a climate in which people support a return to rule by illegal governments."

Several political and civic leaders said that at least part of the violence could be attributed to former policemen who lost their jobs after Mr. Cerezo took office in January.

Soon after his inauguration Mr. Cerezo dissolved the 700-member Technical Investigation Department, some of whose agents had been involved in "robberies, acts of violence, kidnappings and murders," he said.

"There are a lot of people used to committing crimes who are now out on their own," a politician said.

Interior Minister Juan José Rodil Peralta said another factor was the increasing desperation of many Guatemalans. The country is mired in the most serious economic crisis in memory, and Mr. Rodil said that some crimes "are the results of great social injustices."

Mr. Rodil has started a campaign to restructure the Guatemalan police and provide officers with modern equipment. But some other officials have complained privately that his campaign may be having an unintended result.

"Rodil is constantly making statements that the police have no resources and are unable to cope with crime," an official said. "People with criminal tendencies begin to get ideas."

The Guatemalan press, which Mr. Cerezo described as "largely controlled by the right," has given prominence to reports of violent crime.

Camera Press

Marco Vinicio Cerezo

Hospital Wrongly Fired AIDS Victim, U.S. Says

By Robert Pear
New York Times Service

WASHINGTON — The U.S. government has accused an employer for the first time of illegally discriminating against a person with AIDS, federal officials have said.

The Department of Health and Human Services said Friday that Charlotte Memorial Hospital and Medical Center, in Charlotte, North Carolina, had violated a man's civil rights by dismissing him from his job as a registered nurse and then refusing to consider him for any other job.

The government said the hospital had violated the law "by discriminatorily denying the complainant individualized consideration for possible re-employment."

The charge is contained in a nine-page letter received Thursday by the hospital. Cecily Newton, a spokesman for the hospital, declined to comment. "Our legal counsel has not had an opportunity to review the letter," she said.

Thomas B. Stoddard, a lawyer for the AIDS victim, said the decision was "a hollow victory" because the man died Feb. 26. He was 27 years old.

Mr. Stoddard is executive director of the Lambda Legal Defense and Education Fund Inc., a nonprofit group that defends the rights of homosexuals. He said it was unfortunate that the government had not acted sooner on the man's complaint, which was filed in July 1984.

The government's action is significant because it sets a precedent demonstrating that people with acquired immune deficiency syndrome may be able to protect their rights despite the restrictive interpretation of the relevant law by the Justice Department. In addition, lawyers said, the ruling underscores the need for employers to be cautious in taking action against workers with AIDS.

The government has recorded 23,307 cases of AIDS and 12,773 deaths from the disease, which destroys the immune system, making the victims vulnerable to a variety of fatal infections. Nearly one-third of the AIDS cases are in the New York City area. Most of the victims are homosexual or bisexual men or intravenous drug users.

Charlotte Memorial Hospital, a 777-bed nonprofit facility, receives federal funds.

Rise in U.S. College Cost Described as Moderate

Washington Post Service

WASHINGTON — Despite substantial tuition increases in recent years, the costs of a college education "have not skyrocketed," according to a new report, and college bills are not much more burdensome than they were a decade ago.

The "conventional wisdom" that college costs have become painfully high "is wrong or at least a good deal more complicated than the popular stories would suggest," said Terry W. Hartle, a resident fellow at the American Enterprise Institute, which issued the report last week.

"It does not appear that middle-income families face a greater burden paying for college than they did a decade ago," Mr. Hartle said. "They may think they do. At some selective institutions they do. But by and large they don't."

According to the report, the average cost of public universities this past academic year, $4,156, came to 10.7 percent of the median income of families with 18- and 19-year-olds in college, the same as in 1973-74.

At private universities the average cost of $11,100 consumed 28.6 percent of the median family income, Mr. Hartle said, compared with 23.4 percent of family income 12 years earlier.

Mr. Hartle said college prices had risen mainly because of "supply and demand."

Salvadoran Rebels Blamed for Land-Mine Attacks

By James LeMoyne
New York Times Service

SAN SALVADOR — More than 100 civilians have been killed or wounded by land mines in El Salvador this year, and the majority of the mines appear to have been planted by leftist rebels, according to several villagers and human rights officials.

The indiscriminate use of mines now seems to be one of the major causes of civilian casualties in the civil war, according to human rights officials, who say more people are being wounded by mines than by government bombing.

"People are afraid," Juan Antonio Carbajal said of the danger of land mines. "Many have died in this way."

Mr. Carbajal, a 22-year-old peasant from the village of Guazapa, just north of San Salvador, spoke from a hospital bed. Both his legs were blown off by a mine last month, he said, when he tried to recover the body of a friend who had been killed by another mine.

The rebels have repeatedly denied that they cause most mine casualties to civilians. About two weeks ago the rebel radio station said that army mines had killed most civilians and that the government was engaged in "dirty propaganda."

But the statement also said: "In the meantime, popular armament will be a weapon in the war of the people." The rebels call mines "popular armament."

There is considerable circumstantial evidence, as well as strong suspicion among peasants who have been wounded, that the guerrillas are mainly responsible for civilian mine casualties, although army-planted mines have also claimed victims.

"The use of mines by the guerrillas is increasing," said Aryeh Neier, deputy chairman of Americas Watch, the main human rights group in El Salvador.

No one says that the guerrillas intend to hurt civilians. But it appears to be almost impossible for them to control their mines. Trails may as easily be traveled by a peasant as by a soldier.

Many of those killed or maimed are children. Adult victims frequently leave large families without means of support.

In the town of Osicala in Morazán, local children said they were afraid to go into the countryside since two of their friends detonated mines.

Numbers for civilian victims are not precise. But the U.S. Embassy estimates, based on local press reports, that 11 civilians were killed and 71 wounded by mines in the first four months of this year, compared with 14 dead and 39 wounded in the same period last year.

Despite the almost weekly incidence of civilians being wounded, human rights groups appear to have barely investigated the problem. Both Americas Watch and the Roman Catholic Church's human rights office list only those killed by mines, not the vast majority of victims who are maimed.

The Salvadoran government has done little to help victims. It has mounted a propaganda campaign condemning the rebels for using mines, but it has not provided therapy for the 200 or more who have been wounded, despite $353 million in American aid this year.

U.S. officials said they would now begin a small therapy program.

POLITICS: *Lou Grant Meets Moses in Pennsylvania*

(Continued from Page 1)

told him that Ed Asner is coming in to campaign against me. I said, 'I know you've sparred a few rounds in the past.'"

Mr. Heston, who, like his friend, Mr. Reagan, is a former liberal turned conservative, said: "I had been approached by the congressman's people about supporting him, as indeed I am approached by many members of Congress."

Mr. Heston volunteered to do radio advertisements for Mr. Clinger.

"I believe," said Mr. Heston, "they call it playing hardball."

Soon, the authoritative voice that had sounded from the top of Mount Sinai in "The Ten Commandments" was heard in central Pennsylvania: "I am Charlton Heston," began an ad.

"I found Bill Clinger's opponent had asked Ed Asner to campaign for him. I know Ed. He's an actor. So am I. He usually played warm, smart men. But I'm afraid he's not so smart in some of the political causes he supports.

"For example, he's raised money the American Security Council says helped Communist-backed rebels in El Salvador," he continued, referring to a conservative group.

"Now, I don't know whether Congressman Clinger's opponent supports Ed Asner's views. But a good way to measure a man's character is by the company he keeps."

Virtually overnight, the clash between Hollywood personae overshadowed the clash between Mr. Clinger and Mr. Wachob.

"It's Moses versus Lou Grant," Mr. Heston said. "We both understand this. It's an oversimplification. It has no basis in reality. But this is unquestionably Moses versus Lou Grant. If it comes to the crunch, Moses can part the ocean."

To Mr. Heston, such a statement is not hyperbole but a recognition of a larger truth.

"Never doubt," he said, "that performance is an essential ingredient in political leadership. It even involves such things as props and wardrobe. These things are part of performance. People are irritated by this. They say it isn't real. Bull. It is real. President Reagan is one of the first people of whom it is true."

Mr. Asner, although he considered Mr. Heston's ad a "smear," said, "I guess you could say that I'm honored that they have to send such a prestigious creature to try to negate what I might achieve."

Back in the congressional district, Mr. Wachob said that Mr. Heston had lost at least one fan.

"My sister won't watch 'The Colbys' anymore," he said, referring to a television series starring Mr. Heston. He added, "Heston has been able to part the Red Sea, but even he can't bail out Bill Clinger."

Mr. Clinger, for his part, defended the Heston gambit.

"My sense," he said, "is that it wasn't that strident a statement. I thought it was pretty low-key." He said he believed that it "has heartened my base support."

Mr. Wachob recently received poll results. The poll indicated that only 22 percent of the congressional district's voters were aware of the Heston ad. Of these, 71 percent said it made no difference in their attitude toward Mr. Clinger. Two percent said they were more likely to vote for him. Twenty-seven percent said they were less likely to do so.

MILITARY: *Senate Approves Bill*

(Continued from Page 1)

"With this budget we are going backward not forward, and we are undercutting the bipartisan achievement of the last five years."

Mr. Goldwater heads the Armed Services Committee.

The overall military bill establishes the design and scope of Defense Department programs, but the money for the programs must still be approved in separate appropriation legislation.

Mr. Goldwater and Senator Sam Nunn of Georgia, the ranking Democrat on the Armed Services Committee, have said they will support the cuts needed to lower both the programs bill and the appropriations bill to bring them to the $292.2-billion level set in the 1987 budget resolution.

Among the major provisions of the bill are approval of 21 MX missiles but a cut of $700 million in the program level for the proposed mobile intercontinental ballistic missile called Midgetman; full backing for the administration's chemical weapons program; resumption of testing for anti-satellite weapons; and approval for one more Trident submarine.

The bill also approves a 4-percent pay raise for military personnel.

In debate Saturday, the Senate, over the objections of the leaders of the Armed Services Committee, approved an amendment requiring that future contracts for research on the anti-missile program be made in the United States, unless the secretary of defense certified that it could not be done in this country.

The amendment was offered by Senator John Glenn, Democrat of Ohio, who argued that the Reagan administration was using the lure of large contracts with European allies to gain their support for the program. The United States has already contracted for research in England and West Germany.

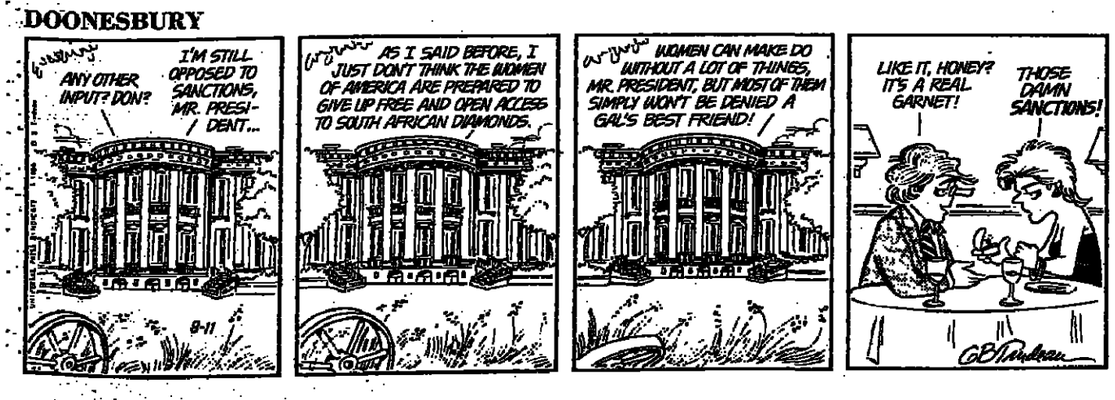
In earlier votes, Mr. Reagan narrowly avoided two efforts to cut deeper into the $5.3-billion program level he requested for the space-oriented shield against nuclear missiles. But the bill still slashes the program to $3.95 billion and is expected to be cut more severely in the House.

On a 64-35 vote, the Senate approved a resolution urging the president to resume talks immediately with the Soviet Union on a comprehensive test ban treaty.

The bill already included a nonbinding resolution in favor of maintaining voluntary compliance with the second strategic arms treaty, which was never ratified, as long as the Soviet Union continued to abide by the treaty.

Mr. Reagan has announced that the administration will no longer voluntarily comply with the 1979 treaty.

DOONESBURY



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Why Kill Nicaraguans?

President Reagan urges the Republican Senate to give him $100 million in aid for the "contra" rebels in Nicaragua and he is likely to prevail. The big test, after all, was in the Democratic House of Representatives, where he won in June after a speech in which he promised that the contras would clean up their act and that U.S. diplomacy would seek "real democracy."

Yet many Americans remain passionately opposed to the contra war, and rightly so, for President Reagan's promises remain unrealized. Congress may vote dollars for the contras, but the country has not rallied to their cause. It cannot sensibly do so in the face of a policy with such incoherent intent and such bloody effect.

Despite Mr. Reagan's popularity, the conservative mood and palpable provocations from Managua, the contra war has not caught on. Polls continue to show that a majority of Americans disapprove of arming the rebels, and doubt dire administration warnings of a red tide sweeping up to the front porches of Harlingen, Texas.

Why the skepticism? A short answer is that the president is caught up in a web of contradictions. His purpose, unstated, is nonetheless evident: the destruction of a Marxist regime. Unwilling and unable to do what is necessary to achieve that goal, he refuses to pursue the alternate course, containing the Sandinists within Nicaragua.

Mr. Reagan's best argument is supplied by the Sandinists. Since seizing power in 1979 they have indeed betrayed their democratic promises. They have put off elections, stifled the press, harassed opponents and made common cause with leftist guerrillas in El Salvador. After the House voted aid for the contras, the Sandinists banished a Catholic bishop and suspended the only opposition newspaper, La Prensa.

These are sins against democracy. But which of them justifies waging war? If tyranny and abuse of human rights were in themselves a casus belli, the United States would be at war in much of the world. Threats to national security may warrant war as a last resort. There are, short of that, a dozen ways for the United States to make its influence felt for democratic purposes.

Mr. Reagan's hostility is surely animated by the Sandinists' ties to Havana and Moscow and by their comradely help for guerrillas elsewhere. But the Sandinists insist that they are prepared to bargain on security issues. Why not test that willingness in the context of the draft Contadora treaty, fashioned by Latins, that has been on the table for years? It calls for a regional reduction of forces, a verifiable ban on foreign bases and advisers, mutual respect for frontiers and advancement of democracy.

Speaking before the House vote in June, Mr. Reagan seemed favorable to this diplomatic course. He acknowledged abuses by the contras and proposed a monitoring commission. But, however welcome, the commission seems unlikely to reform an army whose high command is dominated by former Somoza National Guardsmen scornful of any civilian authority.

The president insisted that he favored any settlement or Contadora treaty "that will bring real democracy to Nicaragua." The tricky "real" aside, that seemed to hold some hope, but it quickly faded after the House vote. When Secretary of State George Shultz met in Colombia last week with Central America's leaders, Contadora was barely mentioned. The only answer to the region's problems, insisted Mr. Shultz, was a democratic government in Nicaragua.

That is not a prescription for compromise but for war without end, spreading ever more destruction and death over a country the United States claims it wants to save. If the president had a discernible purpose, senators might find it tolerable this week to vote yes. But he cannot send enough force to win this sordid war; he knows the American public would not stand for that. Alternatively, he might use the contras to strengthen his negotiating hand. But repeatedly he shrinks from that.

His policy amounts to "stay the course." Toward what? Without a sounder answer, for Washington to keep arming the contras is to make more Nicaraguan people suffer and die, for no good reason. Mr. Reagan can call that fighting for freedom if he likes; it still amounts to wanton, bloody war.

— THE NEW YORK TIMES.

In the End, a Tax Rise

Both President Reagan and Congress want to get through the next two months without triggering the Gramm-Rudman-Hollings Act and its blind cuts in the budget. The midsummer reviews published last week by the two budget offices, the president's and Congress's, suggest that they will probably succeed. But whether the budget deficit will actually come down, as the figures forecast, is quite a separate question.

The Congressional Budget Office says that next year's deficit is still over the trigger point, but not by an unmanageable amount. (The Gramm-Rudman-Hollings Act has its own rules for estimating the deficit, and they produce smaller figures than the conventional methods.) The president's Office of Management and Budget does the same calculation as the Congressional Budget Office but comes to a very different answer: that the 1987 deficit will be well under the trigger point.

The president's budget office is less concerned than is its congressional counterpart about the plausibility of its figures and has placed fewer limits on its optimism. The president does not care much about economic forecasts, but he most seriously wants to avoid an across-the-board spending cut that would hit military spending.

On Aug. 20 the two budget offices must give Congress a joint estimate of next year's budget deficit, on the basis of present legislation and the current outlook for the economy. This estimate is to be a simple average of their separate forecasts. The Gramm-Rudman-Hollings target for next year's deficit is $144 billion, but the law allows a latitude of $10 billion, so $154 billion is the number under which the deficit estimate must fall to avoid further spending cuts. If it should be higher, Congress would be required to vote in September on a package of cuts determined by a fixed formula to bring the budget into compliance. In the midst of an election campaign, that is not a cheery prospect for many people in Congress or in the White House.

In addition to a heavy application of positive thinking, the estimates by the Office of Management and Budget reflect a vigorous effort to pull as much spending as possible from next fiscal year back into this one. That appears to be one reason for the OMB's startlingly high figure of $230 billion for this year's deficit.

But a deeper reason for the high deficit this year is slow growth of the economy. Is the United States now going to see the acceleration that the congressional office predicts, let alone the much faster acceleration that the presidential office is counting on? If it does not materialize, tax revenues will again fall short and the deficits will again drift upward. Next winter Mr. Reagan is required to send Congress a 1988 budget with a deficit held to $108 billion.

The Gramm-Rudman-Hollings Act is doing what it was supposed to do. It is forcing the hard questions. The deficit is still apparently close enough to the legal limits that with enough grease it can barely be slid past the next election. But to stay within that law's limits for another year is going to require a tax increase.

— THE WASHINGTON POST.

The Artificial Heart

He was the youngest of the five men who had received permanent artificial hearts, and he survived the longest. And if his own heart was damaged and just about useless, that was never reflected in his warm and vital personality. William Schroeder, who died on Wednesday in a Louisville hospital, is remembered not only for the part he played in medical history but for the contagious delight with which he greeted the early success of the procedure. Americans will recall his description of his new heart as beating away "like an old-time threshing machine." He flashed victory signs and talked about going home to Jasper, Indiana, to attend his son's wedding. He even used the once-in-a-lifetime opportunity of a call from the White House to ask the president to untangle a problem he was having with Social Security. It was that spunk and confidence that earned him admiration and gave the public reason to hope that the Jarvik heart would work.

A series of strokes, which began only weeks after his November 1984 operation, diminished that hope. So did the fate of the other implant recipients. Barney Clark, the first, lived 112 days but never left the hospital. Jack Burcham suffered massive bleeding and died only 10 days after his operation. Murray Haydon lived more than a year but was seldom off a respirator. And Leif Stenberg, who received his artificial heart in Sweden, never really regained his health and lived only seven months.

Have these experiences with the artificial heart been worth the ordeals the five men have been through? The answers vary. Barney Clark said of his participation in the experiment, "All in all, it's been a pleasure to be able to help people." William Schroeder's family, which had watched him deteriorate so sadly, urged that "this ... not be considered the end of the artificial heart but rather the continuation of the beginning." All the patients were close to death before their operations, and all were, at the time, too old to qualify for transplants.

Even if medical experts eventually agree that the artificial heart will never be a permanent substitute for a human transplant, a great deal has been learned about the machine in these five cases, and it is now being used successfully by patients awaiting transplants. William Schroeder, like the four who shared his fate, made a contribution to the continuing battle against heart disease, and he won the respect of millions of his countrymen in the process.

— THE WASHINGTON POST.

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OPINION

Europe Has Economic Lessons for America

By David P. Calleo

PORTOFERRAIO, Italy — One advantage of a professor's long summer is the chance to read and reflect on books that everyone has been talking about. One of the most startling to come along in some time is David Stockman's "The Triumph of Politics," his inside account of the "Reagan revolution." Few recent memoirs depict so vividly the incompetence of people in high places, or deflate so brutally expectations of rational governance.

That Mr. Stockman should be disliked for the book is hardly surprising. A cocksure and not overly scrupulous youngster, revealing the foibles of his benevolent if befuddled benefactor and making a fortune in the process, is easy to dislike.

Yet his conclusion about the essential frivolity of Reagan fiscal policy is difficult to fault. Economists can quibble over the size and significance of past federal deficits, but it is hard to see deficits on the present scale as anything other than the breakdown of rational government.

For Mr. Stockman, the "Reagan revolution" was supposed to mean the restoration of free market capitalism through a purging of the waste and boondoggling of the postwar welfare state. Instead, as he concedes, the administration's neoconservative rhetoric has merely been a smokescreen for a policy that has severely crippled the free market with an impossible load of debt.

Moreover, while the Reaganites have heartily chanted the appropriate incantations, not one appears to have understood a rather fundamental conservative home truth: the free market, like other kinds of freedom, requires an orderly framework sustained by the state and a reasonable degree of self-discipline from its participants. Above all, for a market to work efficiently — that is, for individuals and firms to make rational market decisions — money must have a stable value.

To create today's fiscal climate of colossal, wanton and unproductive indebtedness is to endow the American political economy with an almost irresistible propensity for inflation. Societies can live well enough with inflation, as governments control and manipulate to stave off disaster, but a free market cannot.

The greatest irony is that the period's one great conservative economic accomplishment, Paul Volcker's resolute reversal of the inflated credit associated with the loose fiscal policies of the 1960s and '70s, has made it easy to finance the far looser fiscal policy of the '80s. As a result, despite Mr. Volcker's painful deflationary cure, public finances are vastly worse than before and the structural pressures for inflation far greater.

If Mr. Stockman's description of what has happened is convincing, his broader explanation for it is not. Basically, he lays President Reagan's fiscal debauch to the political system's tenacious commitment to the welfare state — what he calls the "second American republic." Failure to cut the welfare state while cutting taxes is, he says, the reason for the current fiscal breakdown.

This seems a rather provincial view. By European standards, the American welfare state is a paltry affair. France and West Germany, for example, have much more elaborate welfare systems. Yet neither faces a structural fiscal deficit on the scale of the American one. Instead the taxpaying classes acquiesce in a substantially higher level of taxation.

Comparatively speaking, their systems offer much more to the taxpaying middle class — higher and graduated pensions, largely free medical care and university education. There are cleaner and safer cities, efficient public transport and all sorts of subsidized amenities — like opera houses and theaters — dear to the hearts of the European bourgeoisie.

Is, therefore, the most reasonable cure for fiscal imbalance the further cutting of America's relatively underdeveloped system of social insurance? Or might the cure be to start giving the American taxpayer something back for his money?

It is argued that Paris and Bonn are hopelessly gone on the road to socialism. Polemics aside, capitalism seems in little danger of disappearing in either country. Considering America's fiscal disorder and heavy load of debt, their capitalist economies are probably in better shape.

An international perspective suggests some further explanations. Neither France nor West Germany could ever have continued in so irresponsible a fiscal experiment. Whereas, as the French Socialists quickly discovered in the early 1980s, no European country can long get away with loose macroeconomic policies leading to a large balance of payments deficit, the dollar's international role has led the United States to finance record payment deficits for the last several years. In effect, France and West Germany continue to live in the shadow of the disciplines of the old gold standard. Only the United States is exempted — all of which makes the cult of the gold standard among the supply-siders so preposterous.

The real choice is between postwar welfare capitalism and world power. The failure to find a realistic formula to reconcile the two is destroying American finances and gravely undermining the international framework of liberal capitalism.

Indeed, it may well be that it is America's position in the world, rather than its relatively timid predilection for the welfare state, that encourages its fiscal disorder. Its world position is presumably what mandates the outsize defense budget, a major factor in the fiscal quandary.

Again, international comparisons are instructive. The French and West German defense budgets are, in proportion to their economies, roughly half the American. And up to half the U.S. defense budget, it should be noted, goes toward maintaining conventional forces whose primary mission is the defense of Western Europe. As the West Germans continually note, the forces they actually put up are not unimpressive by comparison with America's. But they do cost a great deal less. Not surprisingly, it is cheaper to defend West Germany with Germans than with Americans.

These international considerations make purely domestic explanations seem rather inadequate. They suggest an alternative explanation: A superpower with commitments seriously out of line with its resources. Since most U.S. commitments were assumed in the 1950s, when the United States was much richer and stronger in relation to the rest of the world, the present strain is not so surprising.

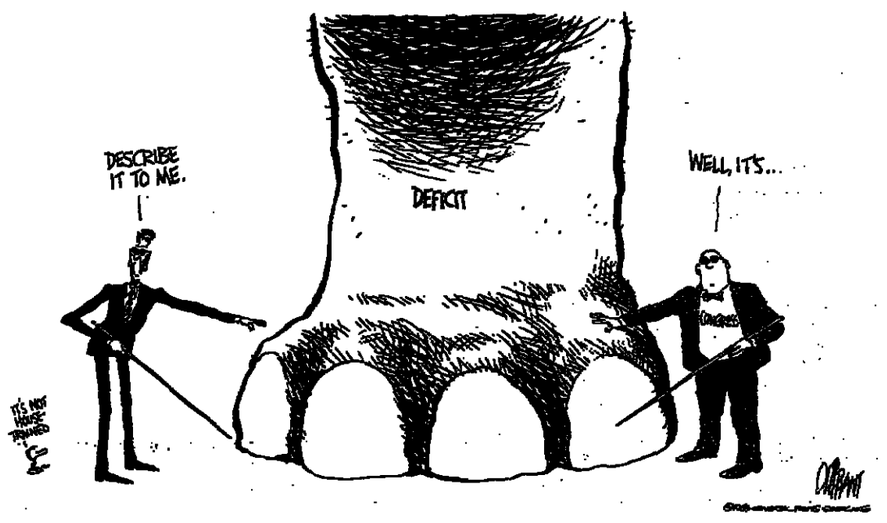
The current outsize military budget reflects Mr. Reagan's heroic effort to rebuild military pre-eminence to the level of America's world position before Vietnam. The size of this effort reflects how little the United States has been able to harness the resources of its allies for shared purposes. The fiscal crisis is the result.

Mr. Reagan's fiscal crisis illustrates a fundamental conservative problem that stretches back to the days of Taft and Eisenhower. To continue with the traditional postwar world role means, in effect, to augment fiscal indiscipline.

To blame that indiscipline on a rather paltry welfare state is to avoid the real issue. The choice is not between capitalism and social democracy. Managed properly, the two cohabit admirably, with each disciplining the excesses of the other.

The real choice is between postwar welfare capitalism and postwar world power. The failure to find a realistic formula to reconcile the two that is destroying American finances, gravely undermining the international framework of liberal capitalism and eating away at the foundations of American constitutional democracy.

The writer is a professor of European studies at the Johns Hopkins School of Advanced International Studies. He contributed this to The New York Times.



A Rebuke To Reagan On Testing

By Tom Wicker

NEW YORK — The House of Representatives has handed President Reagan a stiff and long overdue rebuke — one that may result in a congressional limit on nuclear tests he has been conducting at will, often for specious or hidden reasons, in defiance of world opinion.

By a surprising margin, the House voted on Friday, by 234 to 155, to withhold funds for nuclear tests above the yield of one kiloton, for one year beginning Jan. 1, 1987, provided that the Soviet Union agrees and permits sufficient on-site monitoring instruments.

The Republican-controlled Senate is unlikely to accept this amendment to the Department of Defense authorization bill. But the Senate did approve, the day before the House voted, a non-binding resolution urging the Reagan administration to seek ratification of two existing treaties that would limit nuclear testing, and to reopen negotiations for a comprehensive test ban treaty.

Mr. Reagan has steadfastly refused to negotiate for a comprehensive test ban treaty, the first president to take such a stand. And he wants to renegotiate, rather than ratify, the 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty, arguing that they require stronger verification procedures.

The extraordinary margin of the House vote will give that body much leverage in a conference with the Senate — where passage of the non-binding resolution suggests there is considerable anti-testing sentiment. Thus, House sponsors of the one-year test moratorium — including Representative Les Aspin, Democrat of Wisconsin, who is chairman of the Armed Services Committee — think a House-Senate compromise limitation on testing may be possible.

Such a compromise could take one or both of two forms. It could impose a limit on the number of tests for which funds are provided, or it could approve a ceiling — say, a yield of 10 kilotons — above which no tests would be permitted.

Even such a compromise, and certainly the House-approved moratorium on tests above one kiloton, probably would rule out nuclear tests that could produce X-ray lasers. Such tests would need to yield in excess of about 20 kilotons. Thus, the president's cherished Strategic Defense Initiative, to which the X-ray laser is crucial, could be set back.

Limiting nuclear testing to smaller yields, most scientists agree, would rule out the development of new strategic weapons. Tests below one-kiloton yield, the only tests that would be permitted by the House amendment, have little military meaning.

The House vote was particularly significant for two reasons. One was that it was the result of a carefully crafted compromise, entered into by moderates like Mr. Aspin and Representative John M. Spratt Jr., Democrat of South Carolina. The amendment would allow the administration to conduct scheduled tests between now and Jan. 1. It would not go into effect in the unlikely event that Mr. Reagan should negotiate a test ban treaty with Moscow.

In fact, it is the hope of the amendment's sponsors that congressional limits on his ability to test will force him to open negotiations for a comprehensive test ban treaty.

The House vote also was significant in that it came despite the leaked word last week that the White House had sent a high-level team to Moscow to talk about nuclear issues. Whether this one was so designed or not, such moves often come before important congressional votes and cause members to fear that they will "undercut" the president if they vote against him.

One reason for the strong House action was the belief that the Russians, after refraining from testing for a year that ended on Aug. 6, appeared to be serious about a test ban. Another was members' impatience with Mr. Reagan's unconvincing arguments for continuing to test — the novel contention that weapons in the existing arsenal have to be spot-checked for efficacy, and the supposed difficulties of verifying an agreement against Soviet cheating. There is little doubt that his real reason is the desire to develop new weapons and continue his arms buildup.

Just last week, in rejecting a one-year test moratorium proposed by Mexico, Argentina, Greece, India, Sweden and Tanzania — the Five Continent Peace Initiative — a State Department spokesman called the idea dangerous. As if, with something like 50,000 warheads in U.S. and Soviet arsenals, stopping nuclear tests could be more dangerous than developing new nuclear weapons!

The New York Times.

Questions to Debaters About South Africa Sanctions

By William Raspberry

WASHINGTON — Two crucial questions are all but lost in the fierce American debate over the political future of South Africa: What sort of economic system would best serve the interests of all concerned? And what combination of U.S. policy and action seems most likely to produce that sort of system?

These are obvious questions. No doubt they are in the back of the minds of those engaged in the debate. But they are rarely if ever articulated.

One side is so single-minded in its pursuit of a racially just political system that it is willing to overlook the economic question. The other is so obsessed with saving South Africa's Western-style economy that it is willing to blink at its political and human rights outrages.

It can appear that there is, on both sides, an almost deliberate refusal to think through long-term implications of policy and tactics.

For instance, many who favor disinvestment, divestiture and other economic sanctions seem to care more about punishing white South Africans than about helping blacks.

Some who favor sanctions no doubt believe that the threat to South Africa's economy will force Pretoria to undertake negotiations, and the preconditions to negotiations, that would lay apartheid finally to rest.

Others believe the white minority will never willingly share power, and the only prospect for change is in armed revolution. For them, sanctions are calculated to hasten that revolution.

And then there are those who seem quite willing to apply sanctions merely as the most convenient way of wreaking vengeance on an obstinately racist regime, whether that vengeance leads to political reform or only to racial chaos.

On the other hand, many of those (including President Reagan) who oppose sanctions seem to put a low priority on ending apartheid in favor of racial justice; they simply count it as a less pressing issue than supporting the strongest anti-Communist government in the region, maintaining access to sea routes, mineral resources and trade, and preserving a free enterprise system, if only for whites. From their point of view, sanctions are bad not because they would hurt blacks but because they would do fatal damage to an anti-Communist trading partner. They may voice concern for blacks, but their actions are calculated to ease the pressure on whites.

Some focus on justice, others on economics.

My own view begins with a prejudice: that while the political system must be changed, no economic system works very well unless it provides the opportunity for people to make money. Thus, my preference would be for a policy that served to end apartheid while preserving (and integrating) the free enterprise system.

A policy calculated to bring on the revolution would not necessarily guarantee the success of the revolution; and even if the revolution were successful, it would almost certainly bring on some form of socialism that might leave everybody worse off. So would a policy that toppled South Africa's economy — even if it simultaneously toppled apartheid.

Moving to strengthen the South African economy, on the assumption that this would produce more jobs and advancement opportunities for blacks, would merely make apartheid more comfortable — a goal that might once have been tenable but no longer is.

So what is left? It seems to me that the essentials of a sound policy must include unequivocal pressure — for instance, staged sanctions that escalate automatically unless Pretoria undertakes certain clearly outlined steps; a commitment to expand economic relations once those steps are taken, and increased contact with recognized black leaders, who are now inclined to view America as in league with the enemy.

I do not pretend that mine is the only reasonable answer. But I do insist that it is time to get the questions on the agenda.

The Washington Post.

Palestinians Living in Arab Countries Need Help

By Abdulsalam Y. Massarueh

WASHINGTON — When people think about the difficulties that Palestinians face, they usually concentrate on the problems of the Israeli-occupied West Bank. That is only part of the story. Palestinian refugees living in Arab countries also face difficult circumstances.

For these Palestinians, the burning issues today are how to obtain a visa or work permit, and how to support their families. Arab apathy regarding fundamental rights for Palestinian refugees — the right to be treated as human beings — borders on disregard and racism.

Homeless Palestinians in Arab countries have been singled out in the last few months. The pretext is often security. In Kuwait, for example, terrorism by religious fanatics has led to tighter security requirements for expatriate and temporary residents, including Palestinians who have lived in Kuwait for more than 30 years.

But there are a host of more mundane problems that confront Palestinians in Arab nations. Some are the product of the economic stagnation that has enveloped the Arab world during the last several years.

Since they were expelled from Palestine in 1948, most Palestinians have had little choice but to seek refuge in other Arab countries. They have since been the "guests" of these Arab countries, and no one can predict when they will ever return home.

Some Arab countries, such as Jordan, give them automatic citizenship. Others, such as Egypt and Lebanon, give them a document that at least counts them as human beings and helps them to earn a living. A few leaders of the Palestine Liberation Organization have been granted diplomatic status and citizenship in Kuwait, the United Arab Emirates, the Yemens and Libya.

But most Palestinians still possess only a refugee document that must be extended and validated regularly. This document is subject to strange and arbitrary regulations. In the case of Palestinians from Lebanon, their travel documents can be renewed by any Lebanese diplomatic mission or consulate, on condition that the bearer sign an affidavit that he or she will not try to return to Lebanon, even for family or emergency purposes.

As a result, many Palestinians who fled Lebanon during the Israeli invasion or civil war and who maintained a home there have been unable to return and check on their property.

But the harshest problems facing Palestinians in the Arab world are the simple concerns of finding food, shelter and security. Consider:

- If the Palestinian breadwinner loses his job because of an "austerity program" in a Gulf state, what will happen to his children attending schools or colleges? How can he guarantee their future?
- When a Palestinian reaches 60 in a Gulf state, what happens to him? Where can he go if he cannot get his travel document renewed? He needs a job and a sponsor to vouch for him with the local authorities to qualify for renewal of his refugee status in his temporary Arab home. If the job ends, the sponsorship ends. After that, the homeless Palestinian will technically live in that country illegally and can be deported.
- What happens to a widow with children who has to stop work suddenly? There are few social programs available to help refugees in such circumstances. Families who lose their providers and who cannot return to the Israeli-occupied West Bank or Gaza become stateless, with no homeland or legal status anywhere.
- What happens when a husband, suddenly dies, leaving a widow and children with no means of support? Their legal status is questionable.

Since Palestinians who carry Lebanese travel papers cannot return to Lebanon, Palestinian officials are concerned about families affected by the austerity programs under way in the Gulf states. What happens if they cannot legally stay in the Gulf or legally return to Lebanon?

During the next five years, more than 1.5 million expatriate workers in the Gulf states will lose their jobs. Yousef al-Shirawi, Bahrain's minister of development and industry, has warned of the social and political problems that could arise from such a drastic change in the labor market.

Palestinian officials in Gulf nations say they are not against the austerity measures, but urge that Palestinian workers should be at the bottom of the list for firing, since they must remain where they are until their tragedy finds a solution.

The response of the Arab League to this problem was that an Arab summit meeting should take up the matter. But no such meeting is scheduled in the near future. Given the plight of hundreds of thousands of Palestinians in Lebanon and elsewhere, that answer is inadequate.

The writer, editor in chief of the Arab-American Media Service, contributed this comment to The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: On Nudity in Art

BOSTON — A pamphlet is being sent to many organizations and individuals and schools purporting to be issued by the "Personal Worker's League," 88 Broad Street, Boston, which makes a violent attack on art museums and art schools and exposes what it calls "the villainy of immodest art" — that is, pictures and statues of the nude. The arguments are based on the assumption that the undraped human figure is not to be looked upon without danger of evil consequences and that whatever institution permits the exhibition of nude figures is corrupting youth. There is said to be nothing noble, but much that is hazardous and reprehensible, in teachers leading mixed classes of children through art museums where obscene statues abound.

1936: Soviet Freedoms

MOSCOW — Freedom of Speech, of the press and of assembly, as guaranteed under the draft of the new Soviet constitution, cannot be interpreted as restoration of general freedom, but as "corresponding to the interest of toilers and aimed at strengthening the Socialist system," R. Katamian, prosecutor of the Commissariat of Railroad Transport, explained. "It would be ridiculous to see in our streets processions carrying Czarist banners, and people singing 'God save the Czar.' The constitution grants the right of ballot to all citizens with the exception of lunatics and disfranchised. The same refers to the freedom of meeting. There can be no meetings of lunatics, and no meetings of criminals, Monarchists, Mensheviks or Socialist revolutionaries."

OPINION

When Your Soul Needs a Boost, Reread This Sportswriter

By George F. Will

WASHINGTON — Newspapers drop by our homes every day, generally at breakfast, when anything other than a velvety voice is jarring. Newspapers are, however, by their natures, brusque and businesslike and, given the nature of the world they report, bruising to our spirits. But they should not be severely free of ornaments that improve the scenery of life. One such was Red Smith, the subject of a biography by Ira Berkow.

What are we missing, we who miss that sports columnist whenever we open a newspaper?

This, for example:

Society Kid Hogan was hurrying through the Illinois Central pedestrian tunnel under Michigan Avenue on June 9, 1930, when a man in the crowd put a gun to the head of Jake Lingle, a grafting crime reporter, and it went blooie.

The Kid kept right on walking.

"Why?" the Law asked him later.

"The last train was leaving for the racetrack," he said reasonably.

"Did you see the killer?"

"Sure."

"Could you identify him?"

The Kid drew a hand across the knot in his flashy necktie.

"Only up to here," he said.

That could have been written by Damon Runyon, or by Mark Twain. It could only have been written by an American, marinated in America's distinctive broad-brush drollery. Smith heard Americanisms spoken on the adult playgrounds where he worked, as when he asked Pepper Martin how he learned to run so well: "Well, sir, I grew up in Oklahoma and once you start runnin' out there, there ain't nothing to stop you."

When he asked Early Wynn, a roughneck pitcher, if he ever deliberately threw at a batter's head, Wynn mentioned a .230 hitter who cut open Wynn's chin with a line drive: "The pitcher's mound is my office and I don't like my office messed up with a lot of blood."

Listen to such talk long enough and the dry tang will seep into your style as it did into Smith's. He explained that Paul Waner's eyesight was so bad when he was hitting about .350 for the Pirates, he could not read from the bench the advertisements on the outfield fences. Smith said Waner gave the matter no thought, "for in his philosophy fences were targets, not literature."

On a throne at the center of a sense of humor sits a capacity for irony. All wit rests on a cheerful awareness of life's incongruities. It is a gentling awareness, and no politician without it should be allowed near power. Smith had it but was interested in laughter, not power.

He was an American P.G. Wodehouse. Wodehouse, like Smith, was a soufflé chef of light literature. His prose was flawless and he had an almost pristine absence of solemnity in the employment of it.

Smith, unlike Wodehouse, was capable of seriousness, even anger. But not for long.

Berkow's book is a study of craftsmanship, always a commodity in short supply. A biography of a writer succeeds if it sends readers scurrying off to the writer's books. Even people utterly uninterested in sports should sample Smith.

Do you care about rodeos? Neither do I. But I believe that any good use of the English language is good for the soul, and that this opening sentence of a Smith column should be put in front of all fledgling writers:

C.E. Feeke Tooke, born in Redfield, South Dakota, 59 years ago but dragged up on a homestead outside Ekalaka, Montana, was having the very hell of a time with the showy palomino between his knees, but he wore a grin that lit up the corners of Oklahoma City's Fairgrounds Arena.

Smith, says Berkow, suited America's mood in the late 1940s, when the nation wanted to catch up on missed fun. Smith's syndicated column prospered then. Smith, says Berkow, wrote the way Smith said Pete Rose plays baseball, with "an almost lascivious enthusiasm."

"Bill Alexander," coach at Georgia Tech, "was a gallant gentleman and an intractable fighter for the football player's inalienable right to sign checks with an X. If a good defensive tackle wished to carry a book when he strolled the campus, *Bill did not offer serious objections*, although he disliked ostentation. He was, however, unalterably opposed to eyestrain."

The columns about Society Kid Hogan and C.E. Feeke Tooke were obituaries and were included in a book ("To Absent Friends") composed entirely of farewells. Melancholy reading? Hardly.

In Smith's books you will constantly bump into sentences that begin like this: "Three winters ago when purity, like a worm in the bud, was making inroads into college football ... "

I never met Smith, who died in 1982, but I imagine he laughed in 1962 when he wrote that sentence about purity, just as I laughed when I read it 24 years later. To live on, as Smith does, in transmitted laughter is a tolerable approximation of immortality.

Washington Post Writers Group.

LETTERS TO THE EDITOR

Apartheid Must End

The voice of blacks in the Caribbean joins that of whites the world over who seek a peaceful political settlement between whites and blacks in South Africa — a settlement that one hopes will enable the two communities to work together in a new society for the good of all southern Africa and the world.

The experience of black slavery in America left us with wounds that will not heal until apartheid disappears in South Africa. The need to improve living conditions for deprived populations exists around the world, but apartheid exists only in South Africa.

ROMAIN BELLAY.
Rivière Pilote, Martinique.

Oil Pundits Defended

Regarding the opinion column "Oil Trends: Humbling the Pundits" (July 19) by Hobart Rowen:

Mr. Rowen insists that because Professor Eliyahu Kanovsky was correct in his prediction of the present price of oil, the rest of us do not know what we are doing.

Predicting the oil price is like predicting a prizefight. Everybody who knew anything about boxing thought Tim Witherspoon would defeat Frank Bruno in the 'heavyweight championship' and he did. Still, Bruno *could* have won, and in retrospect there would have been excellent reasons for him doing so. The price of oil 'should' be about $25 dollars a barrel. The reason it is less is due to events after the Iranian revolution, and the greed of members of the Organization of Petroleum Exporting Countries.

Mr. Kanovsky, via Mr. Rowen, says oil prices will not rise in the 1990s, even though a price rise is the consensus forecast by most students of the oil market. The reason Professor Kanovzky gives is that Iraq and Iran "have huge supplies and both are hungry for revenue." But if they are hungry for revenue, they will keep these supplies in the ground. And if they were not aware *before* November 1985 that this was the way to work things, they are aware now. Specifically, they know that selling increasing amounts of oil and raising oil revenues are not the same thing.

Mr. Kanovsky has apparently said that cheap oil reduced "eagerness" to buy Russian gas. As much gas is flowing through the Siberian-West European pipeline now as a year ago, but the price is lower because the gas is indexed to oil.

FERDINAND E. BANKS.
Uppsala, Sweden.

Nationalism on Wheels

As an American in Paris, I understand the pride Americans feel in cyclist Greg Lemond, who won the Tour de France. But the editorial " 'Dynasty' With Pedals" (*July 30*) was tactless. An extraordinary achievement should not be debased by comparison to a soap opera. And the gibe at France's "penchant" for Bernard Hinault is odd. Americans, of all people, know that each country pulls for its own.

GILLIANE A. COURTINES.
Paris.

The Answering Machine Endangers Civilization

By Thomas Simmons

PALO ALTO, California — Inveterate readers of Miss Manners and others who believe in the possibility of distinguishing ladies from gentlemen ought now to come out of the closet and identify the latest guerrilla action against socially acceptable behavior.

The enemy this time is the phone answering machine. Recent statistics suggest that at least 10 percent of all American households own one of these devices, so the trend may well be irreversible. But acquiescence in the face of barbarism has never been the hero's way out.

MEANWHILE

Like all modern conveniences, the phone answering machine bills itself as a great asset. It records all incoming calls and allows you to leave your own message for the callers. In doing so it creates the very image of good manners. What could be more polite or thoughtful?

The phone answering machine stands out, moreover, precisely because of this unusual good breeding: It is a rare machine that can make one's life seem more mannerly. Try for the same effect with your electric can-opener or Water Pik and you will see what I mean.

But this evidence of good breeding is precisely why the answering machine is such a danger to society. *The machine is not mannerly, but* merely clinical, obsessive, compulsive. In keeping track of all social transactions coming over the wires, it eliminates a crucial element of good manners — the white lie.

If, say, your previous stockbroker calls — the one who urged you to invest in Oklahoma office buildings in 1980 — and you don't have an answering machine, you have no problem. You can tell him that something is burning on the stove, or that your two-year-old is going through the cabinet under the sink, or that you are running to the airport to catch a plane. You thereby avoid an ugly scene, and if you are lucky, the broker will calm down over time and find another client.

The situation is similar even if the caller is your maiden aunt in St. Louis, Missouri, or your friendly magazine salesperson in Omaha, Nebraska. Few people would consider you a coward or a moral degenerate for telling white lies, and by avoiding harsh words and ultimatums you keep the world well-oiled with civility, the best lubricant known to humankind.

See, though, how the scene changes with a phone answering machine. Suppose the broker or your aunt leaves several messages, which you do not answer. They become offended, or worried, or both. The broker grows more determined. He begins to stop by your home. He leaves little slips of paper under the door. Odds are that you will meet him face to face, and then he will have the upper hand.

Or you will get a call one evening, after the dishes are done and you are relaxing to Mozart: Your aunt has been worried, she has hopped a flight to come visit you, she is at the airport. Will you pick her up? She will stay two weeks.

If, on the other hand, you do choose to return unwanted calls, you invite further misery. The idea of a phone answering machine is that it allows you to return calls at your convenience; everyone knows that. This means that, when you call back, you are at leisure; you can chat, of course. It is the only mannerly thing to do. Thus you must listen to your broker's harebrained schemes involving Krugerrands, or your aunt's complaints, all the while knowing that they have you. You have been mannerly, therefore you are in their clutches.

Surely the great gods of manners, when they sat down to arrange the appearances of life on Earth, did not envision a realm in which the mannerly would be punished for their own good manners. Yet this is precisely the effect of the phone answering machine. Straight from an updated Pandora's box, it is yet another black fly on the baby-smooth skin of human decency.

Still, it does no harm to recognize the traps we lay for ourselves. If nice guys really finish last, it may be the fault of their message tapes.

The writer teaches in the English department at the University of California at Berkeley. He contributed this to The New York Times.

In Japan, Memories of War and a Weariness With Apologies

By Clyde Haberman
New York Times Service

TOKYO — As always in this season, Japan is consumed with memories of its suffering at the end of World War II.

Wednesday was the 41st anniversary of Hiroshima's nuclear destruction. Saturday brought remembrances of the bombing of Nagasaki. On Friday, Japanese will pause to recall the day in 1945 when Emperor Hirohito told them to "endure the unendurable" by surrendering.

Little — virtually nothing, in fact — is said on these occasions about how much suffering was inflicted by Japan, especially on its Asian neighbors. But Asia does not easily forget, and recent events underline how shadows of the war continue to influence this country.

This summer has brought new flare-ups of old disputes over Japan's sensibilities, including what it teaches its youth about the war.

A government-authorized history textbook played down Japanese atrocities such as the murder of about 40,000 Chinese civilians in Nanjing in 1937. Until the Education Ministry ordered revisions, the manuscript had referred primly to the massacre as the "so-called Nanjing incident" and made no mention of casualty figures.

For its part, the ministry acted only after the Chinese denounced the book as an attempt by some Japanese to "distort their dishonorable history."

A fresh controversy swirls over whether Prime Minister Yasuhiro

NEWS ANALYSIS

Nakasone will repeat his diplomatic gaffe of Aug. 15, 1985, when he made an official visit to Yasukuni Shrine, the country's main shrine for its war dead, in central Tokyo.

In prewar Japan, Yasukuni was the home of state Shintoism and a powerful symbol of militarism. A visit to Yasukuni is equated in some circles with a desire to send Japanese troops on the march again. While the link is tenuous, it is still enough to set off alarms in Asia, especially in China.

Beijing's attacks last year were so strong that they unsettled Mr. Nakasone. It seems likely that to avoid the risk of giving further offense the prime minister will forgo a trip to the shrine this week.

In dealing with Asia, Japan often succumbs to what at first appears to be a war-induced guilt complex. It spends considerable energy trying to convince wary neighbors that it means no harm, either with its gradual but steady military buildup or with its relentless exports.

This policy, however, serves a purpose. Japan's goal as a prosperous trading nation is to stay on good terms with everyone; it is obviously bad business to make the customers distrustful.

Compared with West Germans, the Japanese indulge in fewer self-reflections on their wartime responsibilities. Rather, the imperative here is to pick oneself up quickly after a disaster and to resume life without unproductive dwelling on the past.

"Japanese so easily forget about their past," said Kiyoko Takeda, a professor of social and intellectual history at International Christian University, in Tokyo.

As early as 1957, Japan felt sufficiently comfortable to choose a convicted war criminal, Nobusuke Kishi, as prime minister.

There were protests from the political opposition, but they lacked the sting of the recent furor in Austria over the presidential candidacy of Kurt Waldheim, who, whatever the truth about his World War II record in the German Army, was convicted of nothing.

Many Japanese, perhaps most, assume no blame for their country's expansion across Asia in the 1930s. It certainly was no worse, they say, than decades of European and American colonialism.

A similar concern nags at Japan these days as it registers countless victories in trade and high finance. Too much success may invite retaliation, and that worry is one reason why Mr. Nakasone now calls for more Japanese imports and fewer exports.

"Unless we change," said Naohiro Amaya, a government economic adviser, "we will get a storm from outside."

Still, some Japanese despair of knee-jerk reactions to outsiders' complaints. They suspect these attacks are occasionally disingenuous. The South Koreans, for instance, have attacked the new Japanese textbook far less forcefully than they did in a similar dispute in 1982, when, coincidentally or not, they were angling for a big aid package from Japan.

Trade Issues Put Seoul's Ambassador on New Path

By Stuart Auerbach
Washington Post Service

WASHINGTON — Ambassadors in Washington traditionally have moved on a well-trod path taking them to the State Department, the Pentagon and, if they are lucky, the White House. Their calls on Capitol Hill have been restricted mainly to influential members of committees dealing with foreign policy and military affairs.

But with Congress pressing for action on trade, all that is changing, and ambassadors increasingly are blazing new paths to explain their countries' positions to a different set of lawmakers.

So one day last week, the Seoul's ambassador, Kim Kyung Won, went to to Senator Max Baucus, Democrat of Montana to explain South Korea's trade policies.

Mr. Baucus, a member of the Senate Finance Committee, is focusing on trade issues. Mr. Baucus and Mr. Kim agreed to allow several reporters to attend their discussion.

South Korea sells an increasing number of its products, such as textiles, automobiles and computers, in the United States. But it faces growing pressure from American industries, the Reagan administration and Congress to end the protectionist practices that keep its markets closed to foreign goods.

Mr. Kim had a lot to tell Mr. Baucus. South Korea had just settled a number of trade issues with the Reagan administration by agreeing to allow American insurance companies to sell policies there; opening its market to American cigarettes, but taxing them at a rate that makes them more than twice as costly as domestic cigarettes, and promising to protect U.S. copyrights and patents from piracy.

"We continue to liberalize our domestic markets for foreign products," said Mr. Kim. "We are moving very fast. We are moving as fast as we can."

But Mr. Baucus brought up South Korea's continued restrictions on the sale of American personal computers. U.S. trade specialists see the restrictions as a sign that Seoul is imitating Tokyo in protecting infant industries.

Mr. Kim replied that the market for personal computers would be opened next year.

"I know of no other country in a comparative stage of economic development that is as open as ours," Mr. Kim asserted.

Mr. Baucus agreed. "I think you are making progress," he said. "I think that is not lost on members of Congress."

But the senator raised an issue that has been worrying some companies in the American semiconductor industry, which won agreement July 30 from Japan to stop dumping chips in the United States at below fair-market value. The domestic chip makers, along with their Japanese rivals, are concerned that South Korea will try to move into the American market by selling chips at cut-rate prices.

Mr. Kim told Mr. Baucus that the South Korean government opposes dumping. It's "a very stupid thing," he said.

Then Mr. Kim launched into his main pitch about South Korea's economy. He pointed out that, despite its rapid strides toward industrialization, South Korea remains a developing country, with an annual income of about $2,000 a person.

South Korea carries a large foreign debt, he said, and until last year ran deficits both in merchandise trade and in its current account, which includes trade in services and financial transactions.

Although it appears the surpluses will continue this year, Mr. Kim questioned whether they could be sustained. "We need surpluses to service our debt," he said.

Mr. Kim said his country was "fully aware" of the political pressures in the United States generated by four years of record trade deficits that appear to be climbing to new heights this year.

"We also have our own political pressures," he told Mr. Baucus.

He pointed out that small tobacco farmers in South Korea would be forced out of business by the decision to let American companies sell there. "But we can't let our trade policies be dominated by one small sector," he said.

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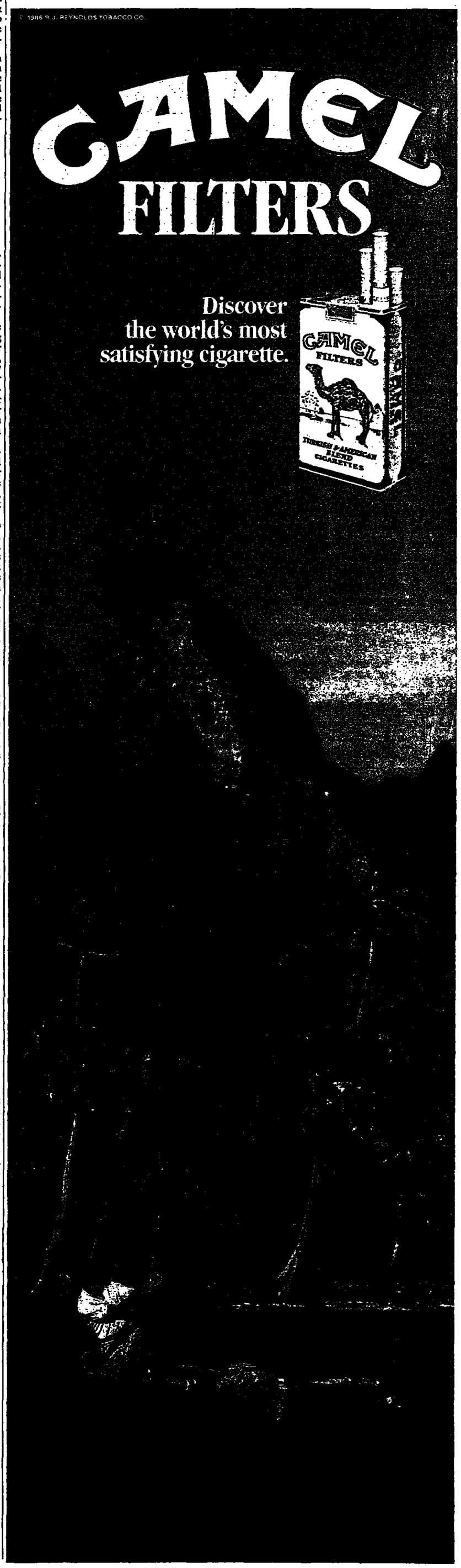

Weekly International Bond Prices

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RECENT ISSUES

Aug. 7

Amt	Security	%	Mat	Str/Conv	Issue Price	Mid Price	Yield
Y 10000	Bayerische Vereinsbk	5⅝	'91 Aug	s	101½	100⅛	5.65
Y 50000	World Bank	5¾	'96 Aug	s	100¾	99¾	5.78
$ 500	Norway	7¾	'91 Aug	s	101½	99¾	7.43
$ 100	Mercedes-Benz Credit	7½	'93 Aug	s	100	98½	7.78
$ 100	Credit Equipm Petit M	7¾	'91 Aug	s	101¼	99	7.62
dm 300	Electricite France	6⅝	'96 Aug	s	99¾	99½	6.19
$ 150	Volkswagen Intl W/w	3	'91 Aug	s	100	102	2.83
$ 100	Long-Term Credit Bank	8	'91 Aug	s	101½	100¼	7.81
$ 100	Nippon Credit Bank	8	'93 Aug	s	101	99½	8.09
$ 150	Industrial Bank Japan	8	'93 Jul	s	101¼	100¼	7.95
dm 300	Inter American Dev Bk	6½	'96 Aug	s	99¾	99¾	6.37
dm 200	Hoesch Intl Finan X/w	2¾	'96 Aug	s	100	69¾	6.87
dm 200	Hoesch Intl Finan W/w	2½	'96 Aug	s		101¾	2.38
ecu 100	Porpeso Bank Corp W/w	4	'96 Jul	s	100	103¼	3.61
$ 100	Eurofima	7⅝	'91 Jul	s	101⅞	100	7.75
Y 80000	Canada	5¾	'93 Jul	s	100¾	99½	5.71
ecu 75	Eec Europ Econom Com	7⅜	'94 Jul	s	100	100	7.37
$ 110	Deutsche Bank Finance	8	'96 Jul	s	100¾	96¾	8.49
dm 300	Mitsubishi Chemic W/w	1¼	'93 Jul	s	100	97¼	1.67
$ 125	Saskatchewan Prov	7½	'91 Jul	s	100	98½	7.87
dm 45	Renown Look Inc W/w	1⅜	'91 Jul	s	100	105¾	.21
$ 150	Liberty Mutual Cap Co	8½	'96 Jul	s	101	100⅞	8.42
dm 500	World Bank	6	'96 Jul	s	99¾	99¾	6.03
dm 60	Lindt & Spruengli W/w	2	'93 Jul	s	100	101½	1.77
dm 60	Lindt & Spruengli X/w	2	'93 Jul	s		78	5.95
$ 300	Denmark	8¼	'91 Jul	s	100½	101¾	7.80
$ 200	Aetna Life & Casualty	7¾	'16 Jul	s	101	97½	7.97
$ 200	Ford Motor Credit Co	8	'89 Jul	s	100⅞	100⅞	7.75
Y 20000	Citicorp	6¼	'93 Jul	s	101⅞	100	6.25
$ 250	Elb Europ Invest Bank	7¾	'96 Jul	s	99½	97⅜	8.10

STRAIGHT BONDS
All Currencies Except DM

Columns: Amt, Security, %, Mat, Middle Price, Yield (Mat, Ave Life, Curr).

AUSTRALIA, AUSTRIA, BELGIUM, CANADA, DENMARK, FINLAND, FRANCE, GERMANY, ICELAND, IRELAND, ITALY, JAPAN, MEXICO, NETHERLANDS, NEW ZEALAND, NORWAY, SOUTH AFRICA, SPAIN, SUPRANATIONAL, SWEDEN, SWITZERLAND, UNITED KINGDOM, U.S.A., FOREIGNTARGETED BONDS OF THE US TREASURY AND OF ITS AGENCIES

HIGHEST YIELDS
to Average Life Below 5 Years

	Amt	Security	%	Mat	Middle Price	Mat	Ave Life	Curr
$	15	Ward Foods O/s Capita	5¾	'88 Nov	80	17.22	18.87	7.19
$	125	Pemex Petroleos Mexic	11¾	'88 Jul	93½	15.66	14.61	12.30
$	30	Mexico	8¾	'91 Dec	83	13.36	14.51	10.54
$	30	South Africa	7¾	'87 Dec	94	12.74	13.89	8.24
$	40	Eec Europ Econom Com	14¾	'93 Apr	106½	13.19	12.40	13.85
$	40	Mexico	8½	'87 Mar	98	11.90	11.94	8.67
$	50	Anglo American Corp	7½	'87 Mar	98	11.13	11.19	7.65
$	14	Reliance Transcontine	6¼	'88 Feb	93½	11.05	11.19	6.68
$	75	Sncf Nat Chemins Fer	13	'91 Feb	104½	11.61	11.16	12.44
dm	80	Johannesburg City	8	'88 Nov	99¾	15.19	15.13	8.04
£	12	Rothschild Inv Holdis	14½	'90 Aug	105¼	12.75	12.75	13.78
dm	100	Johannesburg City	6¼	'87 Sep	96¾	9.57	10.23	6.46
nkr	100	Norges Hypotekforenin	10½	'88 Apr	98½	11.44	11.84	10.66
£	15	Elb Europ Invest Bank	12	'91 Jul	101⅞	11.47	11.41	11.78

HIGHEST YIELDS
to Average Life Above 5 Years

HIGHEST CURRENT YIELDS

DM STRAIGHT BONDS

AUSTRALIA, AUSTRIA, BELGIUM, CANADA, CHINA, DENMARK, FINLAND, FRANCE, GERMANY, HUNGARY, ICELAND, INDIA, IRELAND, ITALY, JAPAN, LUXEMBOURG, MEXICO, MISCELLANEOUS, NETHERLANDS, NEW ZEALAND, NORWAY

(Continued on next left-hand page)

ZERO-COUPON BONDS

Aug. 7

Columns: Security, Final Maturity, Original Offerings (Amt, Year, Price), Offered Price.

WestLB

Eurobonds · DM Bonds · Schuldscheine for dealing prices call

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International Bond Trading and Sales: Telephone 8263122/8263741
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Marketmakers in Deutschmark Bonds WestLB
Westdeutsche Landesbank

هكذا من الأصل

EUROBONDS

Market Reacts Neutrally To Treasury Refinancing

International Herald Tribune

LONDON — The Eurobond market took a neutral view last week of the results of the $28-billion refunding of the U.S. Treasury. The 10- and 30-year Treasury bond auctions went reasonably well, but hopes that Japanese investors would be enthusiastic buyers proved unfounded. Between Monday and midday Friday, the new long bond, traded on a when-issued basis, had fallen ¾ point.

But there was a feeling that things could only get better. Most Eurobond houses had taken the opportunity of the most recent cut in the discount rate by the U.S. Federal Reserve Bank, on July 10, to run their positions short and wait for a sign that investor confidence in dollar-denominated securities might return.

Eurobond Yields
For Week Ended Aug. 6

U.S.$ lg term, Int'l inst.	8.51 %
U.S.$ long term, ind.	8.79 %
U.S.$ medium term, ind.	8.84 %
Can.$ medium term	9.83 %
Aus.$ medium term	14.23 %
French Fr. short term	8.34 %
Sterling medium term	9.94 %
Yen medium term, Int'l inst.	5.79 %
Yen lg term, Int'l inst.	6.05 %
NZ$ short term	16.74 %
ECU short term	7.33 %
ECU medium term	7.82 %
ECU long term	7.91 %

Calculated by the Luxembourg Stock Exchange.

Market Turnover
For Week Ended Aug. 8
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	21,619.90	12,728.00	8,891.90
Euroclear	38,744.10	29,017.20	9,726.9

In the expectation that U.S. economic data issued this week will reaffirm the economy's sluggishness and make for a more bullish interest outlook, buyers returned to the New York market in force Friday, and there was a 2-point rally in Treasury bond prices in the morning. Retail sales figures for July are to be released Wednesday, and producer price indices on Friday.

At the same time, some of the clutch of tightly priced new fixed-rate Eurobond offerings last week began to trade at more respectable levels after being shunned by a jaded market.

Citicorp's $200-million issue of seven-year, 8¼-percent bonds nevertheless closed the week trading at a discount of 2¼ points, well outside the profitable level for underwriters. Although the issue had been priced by the lead manager, Morgan Stanley International, to yield 113 basis points more than equivalent U.S. Treasury bonds, the lack of rarity value in the name made it appear to lack value.

With attention focused for most of the week on shorter maturities, New Zealand's $300 million of three-year, 7¼-percent bonds fared better, closing the week at a discount of 1½ points. The same borrower also brought a tandem offering of $200 million of five-year, 7½-percent bonds to the market, which traded at a discount of 1¾ points Friday.

BUT there was little doubt which new Eurobond provoked the most debate: Denmark's $1 billion of 10-year floating rate notes launched Wednesday with Morgan Guaranty Ltd. as lead manager. The notes carry a coupon to be fixed ⅛ percent below the London interbank bid rate for Eurodollar deposits, giving Denmark the finest terms seen so far in the FRN market. Most syndicate managers agreed, however, that it should have paid 1/16 more on the margin to have been well received.

There is a feeling that the strong demand for FRNs evident in recent weeks has been milked just a bit too much. A long list of Eurobond houses turned down invitations to underwrite the Danish offering, which was trading at 99.50 bid in the secondary market. Syndication of the issue was not helped by the fact that of the 22½ basis points in fees to be paid by the issuer, 6½ basis points was to be sliced off as a surcharge for the lead managers and the consortium of Danish banks that regularly accompanies the kingdom's Eurobond issues.

The lead manager might claim that the terms for Denmark's FRNs anticipate a further tightening of spreads in the sector. Both New Zealand and Belgium recently launched FRNs that trade at levels that yield sub-Libid returns, although those returns yield about 6 basis points more to the market than Denmark.

The terms available to sovereign floating-rate borrowers currently are so favorable that there were rumors last week that France might be tempted to tap the Eurobond market for the first time in its own name. Less speculatively, a U.S. corporate name is said to be planning to issue an FRN soon with the guarantee of a Japanese bank. So far, corporate FRNs have been rare and generally unsuccessful.

A $150-million issue of 99-year FRNs for Canada's Royal Trustco launched Friday with Nomura International as lead manager was favorably received. The trust company, which is rated double-A minus domestically, has been expanding its international banking operations. As with other recent long-dated issues for Canadian banks, the coupon payment is linked to the borrower's share dividend payments. But this time the issuer has provided a "dividend coupon protection" clause under which it will issue shares within 180 days to pay investors for any missed interest that results from a dividend cut.

That, and an attractive spread on the notes of 15 basis points

See EUROBONDS, Page 9

From Rubik, a Puzzle With a New Twist

A Flat Industry Pins Its Hopes on Cube's Successor

By Martin Gottlieb
New York Times Service

Vic DeLucia/The New York Times
Erno Rubik with his latest puzzle during a visit to New York.

NEW YORK — There might be someone, somewhere who is still agonizing over Rubik's Cube. But for the most part that frustrating artifact of the early 1980s has been retired to the attic, the garbage heap, and, with a bow to its elegance and ingeniousness, to the permanent collection of the Museum of Modern Art.

But Erno Rubik, the soft-spoken Hungarian architecture professor whose name it bears, is not one to fade from sight.

He is about to mark his return with a puzzle that, if anything, is more difficult to solve than the once ubiquitous cube, which during a three-year run generated sales that have been estimated at 100 million authorized copies, 50 million unauthorized "knock-offs," and at least 10 million books explaining how it could be solved.

The enterprise also netted millions of dollars for the Hungarian economy and its entrepreneurial son, Mr. Rubik.

The cube contained 26 smaller cubes in six bright colors that rotated on horizontal and vertical axes. The trick, as thousands of purchasers remember with despair, was to unscramble the smaller cubes so that they gave the larger cube six walls of solid colors.

Mathematicians figured that the cube could be arranged in 43 quintillion positions, or, precisely, 43,252,003,274,489,856,000.

Because of the cube, Professor Rubik has become one of the richest and most celebrated men in Hungary, where fledgling entrepreneurship has emerged as a key component of the East bloc's most liberalized economy. In a recent interview in New York, he said his new puzzle, called Rubik's Magic, may have even more configurations. But, in his view, who cares?

"You can solve the puzzle by discovering the possibilities, but it is magic, I think," Professor Rubik said, absently fondling a prototype of his new invention in the local offices of Matchbox International Ltd., the key arm of a Bermuda-based holding company, which will manufacture and sell it.

The 42-year-old Mr. Rubik insists he is "not the kind of person who is counting all the time the money," and says "I don't want to and hopefully I did not change my life style." But he is a millionaire in a country that despite widespread experimentation in Western-style economics, is still a firm member of the Soviet bloc.

He owns three cars, including a Mercedes. And he and his family are about to move into a large home with a basement swimming pool that he is renovating in Budapest's best neighborhood.

His fame is increasing along with his fortune. He will soon appear in commercials worldwide for his new invention. And he is writing a book on his philosophies, which does not surprise his friends. One of them described him as having "a high opinion of himself."

There is a fair amount of anticipation about Professor Rubik and his Magic within the toy industry, which is experiencing flat sales this year as the popularity of several of its recent best sellers, such as Cabbage Patch dolls, wanes. "We hope we can create a craze," said David C.W. Yeh, chairman of Universal Matchbox Group, Matchbox International's parent company.

Matchbox, which is best known for manufacturing a venerable line of finely crafted miniature cars and trucks, has already taken on 2,000 production workers in China to make the puzzle. It plans to market hundreds of thousands of copies around the world this fall, for about $10, similar to the price of the cube.

Professor Rubik, who chain smokes and speaks English in a slow deliberate manner, will once more straddle East and West. Earlier this month, he was a guest of Edward I. Koch, the mayor of New York. At airports, customs agents ask for autographs.

When he devised the cube a decade ago as a tool for teaching algebraic group theory to a class at the Budapest Academy of Applied Arts, he was earning less than $200 a month as an architecture and design professor.

Professor Rubik took his idea to Konsumex, the state trading

See RUBIK, Page 9

Peru Tells Firms To Stop Paying Foreign Debt

Reuters

LIMA — Peru's government has ordered private companies to stop paying off foreign loans for at least two years.

A presidential decree published Friday in the official gazette banned any interest or principal repayments of privately held debt, which totals more than $1 billion, until August 1988.

Creditors would receive repayments after this date only if debtor companies had renegotiated the loan within guidelines set by the Economy Ministry, it said.

Plans for the restrictions had been announced by President Alan García Pérez last month.

The Central Bank general manager, Hector Neyra, said the decree covered the private sector's medium- and long-term debt to all foreign creditors, including banks, suppliers and governments.

That debt has been estimated by Peruvian finance officials at $1.35 billion. Mr. Neyra said it was more than $1 billion.

Private companies would be allowed to continue to service all short-term foreign debt, believed to be worth several hundred million dollars, Mr. Neyra said.

Peru has a total foreign debt of about $14 billion, the sixth biggest in Latin America.

The private sector has been generally up-to-date in its payments, bankers said, in sharp contrast to the public sector, regarded by bankers as one of the most delinquent in Latin America.

After taking office on July 28, 1985, President García set a ceiling on debt service of 10 percent of export earnings on the public sector's medium- and long-term debt, which is worth about $11 billion.

Under this limit, the government remitted only $320 million over the past year, about a seventh of what was due.

In a speech on the first anniversary of taking office, Mr. García said he would introduce limits on repayment of private sector debt to conserve foreign reserves and build what he called an economy of national resistance against imperialism. But he gave no details.

Friday's decree establishing the restrictions required private companies to deposit in the central bank the principal and interest that matured on the medium- and long-term debt over the next two years.

Friday's decree also reaffirmed regulations issued on July 29 banning payments abroad of profits, dividends and royalties.

Brazil Cracking Down On Dollar Black Market

The Associated Press

RIO DE JANEIRO — The Brazilian government has cracked down on the illegal but normally tolerated black market for U.S. dollars in an attempt to restore confidence in the country's economic policies, according to a Finance Ministry official.

The official dollar rate is 13.84 cruzados, which the government has kept frozen since Feb. 28.

Before the crackdown, which began Thursday, the dollar was being sold on the black market for almost 26 cruzados, 88 percent above the official rate.

The rate began to fall Thursday, but by Friday black market operations in São Paulo and Rio de Janeiro, Brazil's two largest cities and financial centers, were largely paralyzed.

The Finance Ministry official, who asked not to be identified, said speculation on the black market was out of control and "undermining the public's confidence in the economy."

"Our objective is basically psychological," he said. "The black market is a small one and does very little harm to the economy. But, it does hurt confidence in the economy and this had to be dealt with."

The crackdown was being coordinated by the federal police, the central bank and the Internal Revenue Service.

The official estimated that black market transactions in Rio de Janeiro and São Paulo total at least $10 million a day.

He said the government was also studying the possibility of easing import restrictions, mainly on electronic and computer components, that help fuel black market speculation.

"Many companies, of all sizes, resort to the black market to purchase items that cannot be imported legally," he said.

Brazilians traveling abroad may also be allowed to buy more dollars at the official rate to lure them away from the black market, he added.

Currently, travelers are allowed to purchase only $1,000 at the official rate.

A central bank official, who also asked that his name not be used, said one of the objectives of the crackdown was to get people to invest more in internal savings.

Black market operators in Rio and São Paulo said they expected the crackdown to last two or three days.

A federal police spokesman, João Martins, said that several people were detained and later released.

U.S. Seeks Help Abroad in Fighting Insider Trade

United Press International

WASHINGTON — Having cracked a case of insider trading with the help of Swiss authorities, the U.S. government is seeking more cooperation from abroad in the war against securities fraud.

Securities and Exchange Commission investigators said Friday that they were negotiating with a number of countries to reach agreements that would lead to identifying and penalizing investors who use foreign markets to hide insider trading.

"It's a priority issue," said Michael Mann, head of the SEC's Office of International Legal Assistance. "It's important for investors' protection for the SEC to be able to pursue securities law violators, regardless of where they trade."

The SEC on Thursday disclosed a case of insider trading that had been resolved with unprecedented cooperation from Swiss banking authorities. The case was settled in U.S. District Court in New York.

The commission named a former Lazard Frères & Co. analyst, his father and grandfather, and a broker in a $2.11-million insider-trading scheme that involved General Electric Co.'s takeover of RCA Corp.

The SEC complaint alleged that the analyst, Marcel Katz, 23, passed on to his father, Harvey Katz, 54, nonpublic information that he had obtained about the pending merger, which was announced Dec. 11, 1985.

Harvey Katz then allegedly passed the tip to his father-in-law, Elie Mordo, 74, who lives abroad. The SEC would not identify the country.

The SEC said Mr. Mordo made more than $1 million in profits after buying 100,000 shares of RCA stock through a Swiss outlet when the stock was trading at $49 a share, $17.50 less than General Electric's offer of $66.50 per share.

Using a 1982 memorandum of understanding between the United States and Switzerland, Swiss banking officials for the first time provided the name of a suspect — Mr. Mordo, in this case — as the purchaser of the RCA stock through the Geneva office of the Union Bank of Switzerland.

The Swiss authorities also froze Mr. Mordo's bank assets as called for in the accord.

The SEC is working with other countries to try to prevent inside traders from hiding illegal profits in foreign exchanges, Mr. Mann said. Under commission policy, details of the efforts were not disclosed.

But the rapid expansion of international trading could lead SEC investigators to many foreign countries in the future, Mr. Mann said. "I would expect the number of foreign cases would grow, just as the domestic cases have grown," he said.

A Wall Street analyst who asked not to be identified remarked, "We haven't seen the end of this. It would be easy to hide your tracks if you put your illegal profits in foreign exchanges. That's what the commission is going after."

Under the settlement, Mr. Mordo, his son-in-law and grandson agreed to pay $2.11 million in restitution and $2.29 million in penalties.

A broker at Milwaukee Co., Fred Aizen, 36, allegedly handled trades for Harvey Katz and Mordo and bought RCA stock for himself. Mr. Aizen agreed to pay $80,000 in restitution and penalties.

Italy Relaxes Controls on Moving Capital

Reuters

ROME — Italy has approved a package of deregulatory measures as part of a gradual move toward relaxing its controls on the movement of capital.

The new foreign trade minister, Salvatore Formica, issued three decrees on Saturday, a day after Prime Minister Bettino Craxi's new government was approved by Parliament.

One measure removes controls introduced in 1972 to discourage the illegal export of bank notes in lira. Italian banks will be able to send lira notes to overseas banks, and foreign banks will no longer be barred from presenting lira to the Bank of Italy.

A second measure provides easier access to foreign financing by allowing Italian banks greater autonomy in raising loans overseas. The decree extended the limit at which banks can borrow overseas without special authorization.

In another change, Italians buying foreign shares will now be required to deposit only 15 percent of the value of the investment in a zero-rated account with the Bank of Italy instead of 25 percent.

'Big Bang' Transition Trims Ranks of Gilt Dealers

By Sandy Critchley
Reuters

LONDON — The restructuring of Britain's government bond market is progressing smoothly before the "Big Bang" of deregulation, but some shakeout among the potential dealers is likely before the changes go into effect on Oct. 27, market participants said.

The gradual introduction of some of the changes ahead of the deadline has helped smooth the transition. But at the same time, it has prompted a few of the original 29 potential dealers in the government bond, or gilts market, to reconsider their position and withdraw because they do not believe the rewards will match the commitment involved.

The reshaping of the market involves the abandonment of the traditional system in which a handful of stock jobbers, as traders are known, made markets in government bonds on the exchange floor, with investors buying and selling stock through a larger number of brokers.

The distinction between the roles of market-maker and broker will disappear in October. Trading is to be carried on through a group of 27 primary dealers, all acting in a dual capacity, with the major part of their operations conducted by telephone and screen.

The new system is modeled loosely after the U.S. government bond market.

The fixed brokers' commissions on transactions will give way to negotiated fees in the new market. Some brokers have predicted that commissions on gilts will virtually disappear.

The Bank of England originally authorized 29 institutions to operate as primary dealers in the restructured market.

The institutions are to represent many of the traditional dealing and trading partnerships as well as powerful new entrants such as British clearing banks and major American investment banks, including Salomon Brothers Inc. and Merrill Lynch & Co.

Since then, market participants repeatedly have voiced doubt that the market will be able to sustain that relatively large number on a long-term basis.

They noted that U.S. credit markets, which have a turnover almost 10 times that of British bonds, are serviced by only 35 primary dealers.

Bank of America International Ltd. withdrew from the arena in March against a backdrop of financial problems encountered by its parent bank, BankAmerica Corp.

But British financial markets were taken by surprise last month by the announcement of Union Discount Co. of London that it had decided to withdraw as a primary dealer and focus its activities on trading instead.

Union Discount retains a 50.1-percent interest in Aitken Campbell & Co., a small market-maker.

Union Discount said it had decided that with 28 primary dealers, there would be a surplus capacity resulting in inadequate margins.

Many participants expect the list to be whittled down further by October as other dealers, encouraged by Union Discount's move, reconsider their chances in a sharply competitive market environment.

"If others are going to follow their example, they will do so fairly soon," said George Nissen, chairman of the Gilt Edged Market Makers Association.

Mr. Nissen said the firms should decide quickly before committing further funds to gearing up for the change.

Participants hope that the internationalization of the market, along with the removal of fixed commissions, will bring a significant rise in turnover and enable most primary dealers to survive.

Several of the dealers on the list have been keeping a low profile in their preparations for Big Bang, but those who intend to remain in October are focusing their attention on a dress rehearsal scheduled for Sept. 27, the first of two training sessions.

The rehearsals, which are to be held under the auspices of the stock exchange with the assistance of the Bank of England, will enable market-makers, interdealer brokers and money brokers to form liaisons in simulated trading and to test the new systems.

A larger session on Oct. 18 is designed to iron out problems and refine and perfect techniques.

When in Washington, D.C. meet me at
Blackie's House of Beef
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OUR 40th YEAR.

SELECTED U.S.A./O.T.C. QUOTATIONS

	BID	ASK
Bitter Corp.	3⅞	4⅞
MAG Holdings	3¼	3⅝
Moduloire	8¼	9
Mr Gasket	6	6⅜
Rodime	6	6⅜

WITH COMPLIMENTS OF CONTINENTAL AMERICAN
These prices are as of August 7, 1986

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Last Wk.	Prev.Wk.	Ch'ge
DJ Indus	1,782.62	1,763.64	+1.08%
DJ Util.	204.00	203.28	+0.35%
DJ Trans	712.88	713.00	−0.02%
S&P 100	222.67	220.46	+1.00%
S&P 500	236.88	234.91	+0.84%
NYSE Cp.	136.41	135.29	+0.83%
Britain			
FTSE 100	1,525.80	1,559.00	−2.18%
FT 30	1,217.40	1,272.00	−4.49%
Hong Kong			
Hang Seng	1,931.29	1,874.11	+3.05%
Japan			
Nikkei 225	17,435.53	17,321.93	+0.66%
West Germany			
Commerzbk	1,952.00	1,830.10	+6.66%

Source: James Capel & Co., London.

Money Rates

United States	Last Wk.	Prev.Wk.
Discount rate	6	6
Federal funds rate	6 5/16	6¼
Prime rate	8	8
Japan		
Discount	3½	3½
Call money	4¾	4½
60-day interbank	4 11/16	4 11/16
West Germany		
Lombard	5½	5½
Overnight	4.55	4.70
1-month interbank	4.70	4.70
Britain		
Bank base rate	10	10
Call money	9¾	9⅝
3-month interbank	9⅝	9⅝

Dollar	Last Wk.	Prev.Wk.	Ch'ge
Bk Engl Index	107.70	108.08	−0.35%
Gold			
London p.m. fix, $	368.80	361.00	+2.16%

Currency Rates

Cross Rates

Aug. 8

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.337	3.449	112.68 *	34.785 *	0.1636 *	—	5.44 *	139.69 *	151.75 y
Brussels(a)	42.95	63.37	20.7045	6.376	3.0095 *	18.377	—	26.687	27.88 *
Frankfurt	2.074	3.063	—	30.795 *	1.453 x	88.755 *	4.829 *	124.03 *	1.347 *
London (b)	1.4735	—	3.0500	9.9222	2,098.50	3.4378	63.19	2.4583	227.03
Milan	1,426.30	2,104.75	687.88	211.90	—	610.65	N.A.	853.60	N.A.
New York(c)	—	0.6773 ≡	2.068	6.7185	1,423.80	2.3305	42.785	1.665	153.85
Paris	6.738	9.938	3.2476	—	4.722 x	2.8824	15.686 *	4.0286	4.375 *
Tokyo	154.00	226.69	74.32	22.89	10.81 *	65.94	359.86 *	92.22	—
Zurich	1.6663	2.457	80.525 *	24.77 *	0.117 *	71.46 *	3.8874 *	—	1.0826 *
1 ECU	1.0177	0.6895	2.1077	6.8451	1,449.99	2.3748	43.6396	1.6986	156.626
1 SDR	1.20617	0.81713	2.5016	8.12717	1,718.27	2.8188	51.885	2.0179	185.69

Closings in London and Zurich, fixings in other European centers. New York rates at 4 P.M. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. (≡) To buy one pound: $U.S.1.4765

Other Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
Argen. austral	0.87	Fin. markka	4.955	Mex. peso	650.00	Soviet ruble	0.681
Austral. $	1.6534	Greek drac.	134.00	Norw. krone	7.3845	Span. peseta	134.70
Austr. schil.	14.54	Hong Kong $	7.7955	Phil. peso	20.25	Swed. krona	6.955
Belg. fin. fr.	43.12	Indian rupee	12.58	Port. escudo	145.00	Taiwan $	37.49
Brazil cruz.	14.91	Indo. rupiah	1,130.00	Saudi riyal	3.7555	Thai baht	26.065
Canadian $	1.386	Irish £	0.7435	Sing. $	2.17	Turkish lira	668.95
Chinese yuan	3.7036	Israeli shek.	1.49	S. Afr. rand	2.6076	UAE dirham	3.6725
Danish krone	7.771	Kuwaiti dinar	0.29045	S. Kor. won	879.80	Venez. boliv.	19.58
Egypt. pound	1.35	Malay. ring.	2.6195				

£ Sterling: 1.0972 Irish £

Sources: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

National Westminster Bank PLC
(Incorporated in England with limited liability)

U.S.$500,000,000 PRIMARY CAPITAL FRNs (SERIES "B")

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 11 August, 1986 to 11 February, 1987 the Notes will carry an Interest Rate of 6 11/16% per annum. The interest payable on the relevant interest payment date, 11 February, 1987 against Coupon No. 4 will be U.S.$3418.06 and U.S.$341.81 respectively for Notes in denominations of U.S.$100,000 and U.S.$10,000.

By The Chase Manhattan Bank, N.A., London, Agent Bank

11 August, 1986

New Issue — This announcement appears as a matter of record only. — August 11, 1986

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200,000 Warrants
to subscribe DM 200,000,000 6¼% Bonds of 1986/1996

COMMERZBANK AKTIENGESELLSCHAFT — MORGAN GUARANTY LTD

International Bond Prices

(Continued)

PORTUGAL

SOUTH AFRICA

SOUTH AMERICA

SPAIN

SUPRANATIONAL

SWEDEN

SWITZERLAND

UNITED KINGDOM

U.S.A.

EURO CURRENCY UNITS

CANADIAN DOLLARS

FRENCH FRANCS

JAPANESE YEN (EURO)

NORWAY KRONERS

POUNDS STERLING

NASDAQ National List

OTC consolidated trading for week ended Friday.

CONVERTIBLE BONDS

Aug. 7

EUROPE

JAPAN

MISCELLANEOUS

U.S.A.

HIGHEST CURRENT YIELDS

On convertibles having a conversion premium of less than 10%.

Explanation of Symbols

CNS	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
£	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NMD	Norwegian Kroner - DM		

The Global Newspaper.

New Eurobond Issues

Compiled by Laurence Desvilettes from information supplied by European bond traders.

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
Bank of Boston	$125	1998	0.05	100	99.80	Over 3-month Libor. Maximum coupon 19¾%. Callable at par in 1989. Fees 0.15%. Denominations $50,000.
Christiania Bank	$250	2001	limean	100	99.20	Interest will be 6-month Limean with no margin. Callable at par in 1988. Fees 0.40%. Denominations $10,000.
Denmark	$1,000	1996	⅛	100	99.60	Below 6-month Libid. Callable at 100.15 in 1989. Fees 0.225%. Denominations $10,000.
National Australia Bank	$ 50	1993	3½	100	—	Over 6-month Libor until 1990. No coupon paid in the last 3 years. Noncallable. Fees 1%. Denominations $10,000.
Royal Trustco	$150	2085	0.15	100.05	99.85	Over 6-month Libor. Callable at par in 1991. Fees 0.20%. Denominations $10,000.
Société Générale	$300	1996	libid	100	—	Interest will be 6-month Libid with no margin. Callable at par in 1991. Fees 0.10%. Denominations $10,000. Increased from $200 million.
Kansallis-Osake-Pankki	¥10,000	1991	libor	101⅜	—	Coupon, pegged to 6-month offered rate for Euroyen, will rise as interest rates fall, and will fall as interest rates rise. First coupon set at 8.025%. Noncallable. Fees 1⅜%.
Kawasaki Steel	¥10,000	1991	libor	101⅞	—	Coupon, pegged to 6-month offered rate for Euroyen, will rise as interest rates fall, and will fall as interest rates rise. First coupon set at 8.025%. Noncallable. Fees 1⅜%.
Société Générale	¥7,500	1991	libor	101⅞	100.63	Coupon, pegged to 6-month offered rate for Euroyen, will rise as interest rates fall, and will fall as interest rates rise. First coupon set at 8%. Noncallable. Fees 1⅜%. Denominations 500 million yen.
FIXED-COUPON						
Citicorp	$200	1993	8¼	100	97.88	Callable at par in 1990. Fees 1⅜%. Denominations $10,000.
Int'l Finance Corp.	$ 50	1996	8⅛	99⅝	—	Noncallable private placement. Fees not disclosed. Denominations $25,000.
Landesbank Rheinland-Pfalz	$100	1991	7¾	101¼	99.38	Noncallable. Fees 1⅝%.
New Zealand	$300	1989	7¼	100½	98.95	Noncallable. Fees 1⅜%.
New Zealand	$200	1991	7½	100	98.30	Noncallable. Fees 1⅜%.
Fluor	DM 150	1996	6⅝	99¾	—	Noncallable. Fees 2½%.
Oesterreichische Kontrollbank	DM 100	1996	6	100	—	Noncallable. Fees 2½%.
KB-Ifima	DK 300	1990	9¼	100⅝	99.00	Noncallable. Fees 1½%.
State Bank of New South Wales	¥20,000	1991	5⅝	101½	99.63	Noncallable. Fees 1⅝%.
EQUITY-LINKED						
Daihatsu Motor	$ 60	1991	2⅞	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 380 yen per share and at 153.95 yen per dollar. Fees 2½%.
Dai Nippon Ink & Chemicals	$250	1993	open	100	98.50	Coupon indicated at 3½%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set Aug. 11.
Intec	$ 35	1991	open	100	99.50	Coupon indicated at 2⅞%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set Aug. 12.
Izumi	$ 25	1991	open	100	—	Coupon indicated at 2⅞%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set Aug. 12.
Matsuyadenki	$ 25	1991	open	100	98.50	Coupon indicated at 2⅞%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set Aug. 12.
Taisei Prefab Construction	$ 25	1991	2⅝	100	96.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 513 yen per share and at 154.85 yen per dollar. Fees 2½%.
WARRANTS						
Goldman Sachs	0.25	6 mos	—	$37½	—	Call warrants exercisable at 99.63 into U.S. Treasury's 7¼% bond due 2016.
Goldman Sachs	0.25	6 mos	—	$37½	—	Put warrants exercisable at 94.63 into U.S. Treasury's 7¼% bond due 2016.

Japanese Firms Widen Role in U.S. Securities

By Paul Richter
Los Angeles Times Service

NEW YORK — Japanese firms have gained an important piece of the U.S. securities business, and their share is growing all the time.

"We've got to go where the business goes, and today that's not only Tokyo but London and New York," said Steven M. Looney, senior vice president of Nomura Securities International, the largest of the Japanese securities firms in the United States.

The growing presence of Japanese firms on Wall Street was illustrated dramatically last week when Sumitomo Bank Ltd., the world's third-largest bank in terms of assets, announced its plans to buy as much as 12.5 percent of Goldman, Sachs & Co., the sixth-largest Wall Street investment banking house and the last major one to remain independent.

Japanese securities firms have long had a presence in the United States, trading Japanese securities to a small group of American clients. But recently they have sought to greatly expand their activities to take advantage of an increased flow of Japanese investors' dollars into the United States.

They have sought to serve the needs of Japanese corporate clients that are doing more business in the United States, and to help U.S. firms raise capital in Japan and forge strategic links to Japanese companies.

Some observers predict that other Japanese firms, possibly including the other largest Japanese banks, may follow Sumitomo's example by buying minority stakes in U.S. investment banking concerns.

"The barriers between commercial and investment banking are coming down in the United States quicker than in Japan," said Yoshi Tsurumi, professor of international business at Baruch College in New York, "and these banks want to position themselves to take advantage of new business opportunities as they do."

The Japanese presence on Wall Street is now most visible in four securities firms: Nomura, Daiwa Securities America, Nikko Securities Co. International and Yamaichi International America Inc. They have been rapidly expanding their capital resources and the size of their staffs, in part by hiring from U.S. securities firms and government agencies.

The firms have done a booming business in government securities as Japanese demand for the bonds has soared. The four firms sell stocks and bonds almost exclusively to institutional clients in the United States, but they have stepped up those activities and are eager to expand their share of the investment banking business.

Retail securities business would require a large network of branches, "and somehow I can't see us yet doing so well in Peoria," said Paul H. Aron, vice chairman in the United States for Daiwa. His firm has increased its available capital to about $67 million from $20 million in 1980.

Such figures are dwarfed by the big U.S. firms' capital resources. Goldman, Sachs, for example, has about $1.3 billion in available capital. But Mr. Looney of Nomura asserts that such comparisons are misleading because multinational firms can move capital to meet overseas needs.

Each of the "Big Four" Japanese-based securities firms has applied to the Federal Reserve Board to become a primary dealer in government securities.

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

AMSTERDAM — The general share index on the stock exchange closed 5.8 points stronger last week over the previous week, with the trade index reaching an all-time high of 291.4.

Average daily turnover came to 1 billion guilders, a 20-percent increase over the previous week. Total turnover stood at 4.461 billion guilders, up from 4.094 billion.

Royal Dutch posted substantial early gains in response to the Organization of Petroleum Exporting Countries' decision to make drastic cuts in oil production and also on the strength of an initial rise in the value of the dollar.

On Friday afternoon, Royal Dutch was quoted at 189.60 guilders, up from 184.50 at the close Thursday.

Brokers said the market in the coming week must digest an influx of half-year earning reports, with Unilever on Tuesday and Algemene Bank Nederland on Friday viewed with confidence. Philips on Wednesday will probably be disappointing, although its price has rebounded strongly after reaching a low for the year on Aug. 1.

Frankfurt

FRANKFURT — Values on the stock exchange rose 3 percent last week, with the Commerzbank index reaching 1,952 points, an increase of 121.9 over the previous Friday.

The lingering weakness of the dollar against the Deutsche mark did not dampen trading, as both the West German government and the country's research institutes published favorable employment and production figures.

Among the leading issues were automobiles. Daimler gained more than 94 DM to 1,212, BMW rose 45 to 518 and Volkswagen climbed 32.50 to 474.50.

In electronics, Siemens jumped 62 DM to 663 and AEG rose 22.50 to 296. Schering, in pharmaceuticals, closed at 577 DM, a gain of 34.

The volume of trading was 2.578 billion DM, against 1.523 billion the previous week.

Hong Kong

HONG KONG — A buying spree on the stock market pushed the Hang Seng index to three record highs last week. The index closed the five-day session at a high of 1,931.29, a gain of 57.18 points on the previous week, while the Hong Kong index closed 35.22 points higher at 1,204.5.

Dealers said overseas funds helped the market to soar, with Hong Kong seeming cheap after Tokyo and New York markets had reached high levels. They said overseas buyers believed they should buy quickly into Hong Kong before prices rose.

One dealer cautioned investors not to become over-bullish and other traders said they expected that a sharp correction was imminent.

Daily turnover averaged 661.13 million Hong Kong dollars, substantially higher than the previous week's average of 497.13 million.

Among leading shares, Hutchison gained 2 dollars to 33.75, Cheung Kong gained 80 cents to 24.30, and China Light 40 cents to 16.70.

London

LONDON — Prices on the stock exchange fell sharply in the past week, wiping more than £7 billion off the value of shares.

Over two days, the Financial Times industrial share index tumbled 44.3 points, registering its biggest one-day fall ever on Wednesday. It closed Friday down 56 points on the week at 1,217.4.

The fall was triggered by a combination of depressing factors: disappointing results from several major British companies, including Guest Keen & Nettlefolds, Barclays Bank, Royal Dutch/Shell and T.I. Group; fresh demands for investors' funds via a share placing and rights issue worth more than £500 million by Boots and Rowntree Mackintosh; the government's opposition to GEC's proposed merger with Plessey; and growing doubts that members of OPEC would stick to the production cuts agreed upon on Monday.

The volume of transactions fell to 103,360 from 118,265 the previous week.

Milan

MILAN — Prices on the bourse inched forward last week in calm, irregular trading ahead of the mid-August holiday period.

The Comit index gained 2.31 points to close the five-day session at 743.76. Only around 112 million shares changed hands, against 145 million a week earlier. The value of shares traded totaled 849 billion lire, down from 1,083 billion.

Leading industrial shares were generally stable, although Iniziativa Meta gained 10.40 percent. Fiat gained 3 percent, Olivetti lost 0.6 percent, and Montedison 0.8 percent.

Banks and insurances were also calm, with the exception of Previdente, which gained 9.67 percent, and Unipol, up 12 percent. Benetton also performed strongly.

Paris

PARIS — The bourse turned in a sluggish performance last week, with the only fillip coming from the agreement on production cuts by the Organization of Petroleum Exporting Countries.

The CAC index ended the week at 378.1, down from 378.9 the previous Friday.

Market analysts noted that the domestic political scene was relatively calm after a definitive vote in the French Assembly on denationalization. Many investors are away on holiday, but on Friday foreign investors intervened and reversed a declining trend, provoking a 1.2-percent increase in the CAC index.

The value of shares traded last week totaled 33.66 billion francs, against 33.54 billion the previous week. Most active on Friday were Elf Aquitaine, with 92,938 shares traded, and Peugeot, with 64,225.

Singapore

SINGAPORE — The resounding victory of the National Front government in Malaysia's general elections sparked off an early rally on the Singapore stock market last week, with selected Malaysian stocks and Singapore blue chips making good gains.

Interest in Malaysian shares was short-lived, as speculators awaited the announcement of a new cabinet.

The Straits Times index gained 22.37 points to finish the week at 763.68 while the all-share index rose 2.66 points to 241.21. Turnover totaled 16.4 million units, against 10.9 million the previous week.

Haw Par topped the list of active shares with a turnover of 3.56 million, gaining 18 cents to 3.02. Next was Yeo Hiap Seng with a turnover of 3.48 million units and a gain of 21 cents.

Tokyo

TOKYO — Prices recovered some lost ground on the stock market last week in reaction to four days of continued decline and a bullish note on Wall Street.

The Nikkei average of 225 blue chips, which had nosedived 728.66 yen the previous week, posted a 113.60-yen gain to close at 17,435.53 Friday. The composite index of all common stocks listed on the market's first section advanced 15.24 points to 1,426.54.

Trading shrank to a daily average of 608.3 million shares from a huge 1.03 billion a week earlier, while trading value plunged to an average 476.812 billion yen a day from 790.48 billion.

Analysts said they expect a calm market this week during the annual summer vacation, but they added that uncertainty over oil prices, interest rates and the appreciation of the yen could have turbulent effects.

Zurich

ZURICH — Trading reversed a declining trend late last week, largely reflecting a modest strengthening of the dollar.

The Société de Banque Suisse index rose from 588.9 on Thursday, July 31, the final day of trading before an Aug. 1 national holiday, to close the week at 596.2.

But traders were uncertain about future trends, which are likely to be affected by the dollar. Specialists said some investors are hesitant, noting that the Swiss franc could still gain 10 to 20 centimes on the dollar.

Other investors have apparently concluded that the franc can climb no further. The dollar has fallen from 2.90 Swiss francs to less than 1.70 in the past few months.

Among finance companies, Motor Columbus lost 70 points to end the week at 1.670 while Oerlikon-Bührle bearer shares gained 55 points to 1,680.

Prices Soar as Investors Return After Refunding

By H.J. Maidenberg
New York Times Service

NEW YORK — Government bond prices soared and their yields plunged on Friday as long-absent investors returned to the market after the conclusion of the Treasury's $28-billion quarterly refunding.

Treasury bill rates, on the other hand, were essentially unchanged.

Dealers said the gains in bond prices were most pronounced

U.S. CREDIT MARKETS

among the longer maturities because investors were impressed by the unexpected demand for the Treasury's longest maturity, the reopened 30-year bond, which was auctioned Thursday.

The credit markets felt little effect from speculation earlier in the day Friday that a meeting of finance ministers from the so-called Group of Five leading industrial nations would be held next week in West Germany to prepare for another round of central bank discount rate cuts.

In late dealings in the secondary market for Treasury securities, for example, the bellwether long bond, the newly reopened 7¼-percent issue of 2116, completed its first day of regular trading at 99 26/32, equivalent to a yield of 7.43 percent. This compared with its average yield of 7.63 percent at Thursday's auction.

The 7⅜-percent notes of 1996, which were reopened on Wednesday, climbed 18/32, to 100 16/32, for a yield of 7.30 percent. This compared with the average yield of 7.47 percent at the auction. The new 6⅝-percent, three-year notes rose 4/32, at 99 28/32, to yield 6.67 percent, down from 6.73 percent at Tuesday's refunding sale.

Among the older issues in the secondary market, the 6⅝s of 1988 rose 3/32, to 100 7/32, to yield 6½ percent, and the 7.5s of 1991 gained 11/32, at 102 9/32, for a yield of 6.94 percent.

Allan R. Leslie, economist at Discount Corp. of New York, said Friday: "The major factor in the bond market today was the return of retail investors who had been on the sidelines waiting to see how the refunding went."

Mr. Leslie and other analysts expect another cut in the Federal Reserve discount rate before the Congressional elections on Nov. 4.

U.S. Consumer Rates
For Week Ended Aug. 8

Passbook Savings	5.50 %
Tax Exempt Bonds Bond Buyer 20-Bond Index	7.53 %
Money Market Funds Donoghue's 7-Day Average	6.03 %
Bank Money Market Accounts Bank Rate Monitor Index	5.97 %
Home Mortgage FHLB average	11.00 %

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EUROBONDS: *Neutral Reaction to Treasury Sale*

(Continued from first finance page)

over the London interbank offered rate, or Libor, made for a healthy trading level of 99.84 at the close Friday, compared with commissions totaling 20 basis points. In return, the issuer receives funds that rank as quasi-capital on its balance sheet.

Targeted issues aimed at specific pools of investor demand, particularly in Japan, are now a regular feature of the Eurobond market, where new paper has tended to sit expensively on underwriters' books in recent months. Three "reverse coupon" Euroyen FRNS launched last week for Société Générale, Kawasaki Steel and Kansallis-Osake-Pankki fit into this category. Interest on these bonds is calculated in such a way that it rises if yen Libor falls.

Also destined for Tokyo placement was $50 million of FRNs for National Australia Bank that was lead-managed by Nomura International. A mirror image of the more familiar deferred-coupon issue, the notes pay a rich spread of 3½ percent over Libor for the first three years of their seven-year life, and there is no coupon for the final four years.

Buyers reportedly will be pairing the notes with a security that provides higher cash flows later in its life in order to achieve a high running yield. Neither of these "stepped" FRNs or the "reverse coupon" FRNs will be actively traded in Europe.

One way traders in the secondary market can make money is by "ramping" older issues: buying up enough paper to enable them to manipulate the price, and leaving other traders who have sold short no way to cover themselves except by paying an inflated price.

It happened last week with the Crédit Foncier de France FRN holding a 1995 maturity. The issue originally totaled $200 million when it came to the market in October, but there were warrants attached allowing investors to convert their securities into FRNs denominated in European currency units. Most have chosen to exercise that option, leaving only an estimated $400 million of the original issue in the market — an easily rampable amount.

These notes traded at 100.28 to 100.38 Wednesday morning. By the afternoon, a ramping house forced up the price to 104 to 104½, and there were reports later in the week of trades being made at 107, a phenomenally high premium over par value for an FRN.

Accusing fingers were pointed at a leading U.S. investment bank, but there are plenty of Eurobond professionals who believe that when a trading house sees value in an issue and exploits it, any fault lies with those who are caught out by the subsequent price movement. That, after all, is the spirit of the market.

INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

TITLE	SALARY	EMPLOYER
REGIONAL PERSONNEL OFFICER	Excellent	UNICEF.
EXECUTIVE SECRETARY		AMP Deutschland GmbH.
PASTURE AND FORAGES SCIENTIST		ICARDA.
CORPORATE SUPPORT OFFICER	Good.	Kent County Council.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France. Tel: (1) 46.37.93.81. Telex: 73595

RUBIK: *After Cube Craze, Hungarian Inventor Returns With a New Twist*

(Continued from first finance page)

company, which put the puzzle into production in 1977. In less than five years, Hungarians, who number only 10 million, had bought two million cubes.

In 1980, the trading company negotiated worldwide rights, and the international phenomenon began its crazy two-year run.

The Hungarian company continued to produce the cube for East-bloc consumption. Interesting an American manufacturer in the cube became the task of Thomas Kremer, a Transylvanian by birth who heads a British company called 7 Towns Ltd. Mr. Kremer saw the cube at the Nuremberg Toy Fair and agreed to act as its representative.

He did not face an easy task. The cube was expensive to produce and would have to sell for at least $8 to be profitable. Because it was small, did not make noise and did not have much sizzle in terms of an advertising campaign, most toy companies perceived it as having very little appeal. Only Ideal Toy Corp. felt differently.

For Ideal, which wound up making it, the cube was a bright meteor that burned out. At the crest of cube sales, the company was sold to CBS Inc. for $58 million in 1982. But the Cube craze soon died, and CBS has since sold its toy division.

One byproduct of Ideal's mass marketing of the cube was a $60-million patent infringement suit against CBS, then Ideal's owner. Larry D. Nichols, an American chemist, contends he patented virtually the same puzzle two years before Mr. Rubik says he invented it, although he had no luck in interesting a toy company in manufacturing it.

The suit does not allege that Mr. Rubik stole the idea, but that Ideal failed to investigate Mr. Nichols's patent.

Thus far, the challenge has been successful, according to Arthur S. Obermayer, president of the Moleculon Research Corporation, Mr. Nichols's employer and the instigator of the action. Mr. Obermayer said last week that early this year, a federal appeals court largely upheld a lower court decision finding that there had been infringement.

At the height of its popularity, the cube and a sister puzzle shaped like a snake that he also invented were said to be yielding Professor Rubik $30,000 a month in royalties. The government-owned import-export firm, Metrimplex, also gets a share of the profits.

Professor Rubik said he banks most of his money in Hungary, but he also has spent and invested his cash. Two years ago, the government approved his plans for a private business, Rubik Studio, which employs 20 and develops designs for what Mr. Rubik hopes will be a wide range of items, from buildings to work flow charts and puzzles. Rubik's Magic is its first commercial venture.

Mr. Rubik also has started two foundations, one to assist Hungarian inventors with the development and marketing of their ideas and the other to provide scholarships to design students for studying abroad. He is on leave from his teaching position and is uncertain about whether to return to it.

Because his earnings have been generated from a patented idea, Mr. Rubik's income has been taxed at 20 percent — a rate, he said, that is far lower than others in Hungary and is designed to be favorable enough to encourage innovation.

He said he is allowed to keep one-third of his earnings in "hard" or convertible currency that can be spent abroad, but said that aside from his Mercedes and some clothing and personal effects, he does not spend broadly.

He has two young children and married last year for the second time.

When Professor Rubik traveled to the Nuremburg Toy Fair this year with his latest puzzle, he caused a commotion. "We rushed over to see," said Mr. Yeh, of Universal Matchbox. "When the professor show me this item, I almost in my mind said we should go ahead."

It was not long after that that Mr. Rubik and officials of 7 Towns Ltd. selected a proposal offered by Matchbox, which is traded on the New York Stock Exchange and last year generated $241 million in sales. Key to the proposal were a three- to five-year game plan and concepts for developing more advanced versions of Rubik's Magic to be introduced in later years.

Rubik's Magic is marked by the same sort of handsome design as its predecessor. Palm-sized, it is made of eight squares of impact-resistant transparent plastic that in their original position form two equal rows.

Spread across the squares are depictions of three unconnected rainbow-colored rings printed on a black background. The object of the puzzle is to intertwine the three rings by rejiggering the squares, which are linked by an ingenious hinge patented by Professor Rubik that flexes on the four sides of each square.

Unlike the cube, Mr. Rubik's new puzzle can be maneuvered into a plethora of different shapes. The multicolored loops break into fanciful swirls and any number of variations would probably look pretty good on coffee tables.

"On the way to the solution," Mr. Rubik said, "you can have wonderful discoveries because you have beautiful shapes. The cube was very intellectual. This item could be more fun and more pleasure: it is beautiful and changeable."

"Anything with Rubik's name on it sells itself right there," said Gary M. Jacobson, an analyst with Moseley Securities Corp. He said that the puzzle, if priced at less than $10, could work effectively as an impulse item positioned near cash registers.

Matchbox has devised a plan for producing and promoting the puzzle that is aimed in no small part at heading off the knockoff artists who polluted the Cube market with counterfeits.

It has applied for patents the world over and plans to kick off a simultaneous international sales campaign in October. Professor Rubik's signature is on the puzzles, and both professor and puzzle will be promoted with an exceptionally high sales budget, said Jack L. Forcelledo, president of Matchbox International.

Prices Rise 5% in Mexico

MEXICO CITY — Consumer prices in Mexico rose 5 percent in July for an annual rise of 85.9 percent, the Bank of Mexico said. Prices climbed 6.4 percent in June.

Treasury Bonds

Aug. 8

Maturity	Close Bid	Ask	Yield	Wk.-ago yield
31.7.88	100 5/32	100 7/32	6.52	6.54
15.5.89	99 26/32	99 28/32	6.68	6.74
30.6.90	101 18/32	101 12/32	6.85	6.91
15.8.91	102 8/32	102 10/32	6.95	7.02
15.7.93	100 14/32	100 18/32	7.15	7.21
15.5.96	100 17/32	100 19/32	7.29	7.32
15.2.06	115 25/32	115 27/32	7.79	7.89
15.5.16	98	98 2/32	7.41	7.45

Source: Salomon Inc.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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Escort Service. Tel: (0) 20-255191.
Credit cards accepted

ZURICH
Carolina Escort Service 01/252 61 74

GENEVA *BEAUTY*
Escort Service, 022/29 51 30

ESCORTS & GUIDES

** Z U R I C H **
ALEXIS ESCORT. TEL: 01/47 55 82

CHELSEA ESCORT SERVICE.
51 Beauchamp Place, London SW3.
Tel: 01 584 6513/2749 (4-12 pm)

GENEVA ESCORT
SERVICE. Tel: 46 11 58

* AMSTERDAM *
ESCORT SERVICE. 68 11 20

******GENEVA BEST
ESCORT SERVICE 022/21 03 40

Z U R I C H
Top Escort Service. Tel 01/41 76 09

ZURICH * RENDEZ-VOUS
ESCORT SERVICE. Tel: 01/2527703

VIENNA ESCORT - AGENCY
37 52 39

EURASIAN ESCORT SERVICE London/Heathrow/Gatwick. Telephone: 01 937 4428. Credit cards accepted.

FRANKFURT & SURROUNDINGS Caroline's Escort & Travel Service. Tel: 069/43 57 63.

MADRID IMPACT escort and guide service. Multilingual. 261 4142

COPENHAGEN/Stockholm Miss Scandinavia Escort Service. (45)01-54 17 06

LONDON ESCORT AGENCY. Tel: 935 5339.

LONDON ESCORT SERVICE. Tel: 937 6574

ESCORTS & GUIDES

'DOMINA' - DUESSELDORF - Bonn - Cologne Escort Service. 0211/383141.

FRANKFURT + AREA Christina Escort Service. 069/364656. Credit Cards

HAMBURG - MADEMOISELLE Escort Service. Tel: 040/45 31 28.

ATHENS ESCORT AND GUIDE Service. Tel: 8086194.

LONDON HEATHROW ESCORT Service. Tel: Maxine 01- 402 3110

LONDON BLONDE ESCORT Service. Tel: 01-584 3803.

LONDON FIRST CLASS ESCORT Service. Tel: 01-581 3927

ZURICH LORIN ESCORT SERVICE. Tel: 01/69 58 71.

AMSTERDAM CLUB ESCORT Service. Tel: (020) 710763.

BRUSSELS. CHANTAL ESCORT Service. Tel: 02/520 23 65.

FRANKFURT AREA. Private collection escort service. 069/62 84 32.

LONDON ONLY JAPANESE ESCORT Service. Tel: 01 821 0627.

NEW YORK. MIA & RENEE Escort Service. 212-223-0870. Credit cards.

ROMEO & JULIET - Male & Female Escort Service London 609 9199

AMSTERDAM ROSITA Escort Service. (0) 20-362833.

ANGLEA ESCORT SERVICE London & Heathrow. Tel: 01-724 9121

LONDON/HEATHROW/GATWICK. Pamela's Escort Service. Tel: 821 0283

LONDON ORIENTAL GUIDE Service. Tel: 01-243 1442

MELANIE INTERNATIONAL Escort Service. Tel: London 703 8172

SOPHIE FRENCH SPEAKING Escort Service. Tel London: 01 723 1117.

VIENNA YOUNG ESCORT Service. Tel: 87 29 35

GENEVA ESCORT & Guide Service. Tel: 44 65 38

FRANKFURT, SUSANNE'S ESCORT Service. Tel: 069/84 48 75 or 84 48 76

ESCORTS & GUIDES

FRANKFURT POLAND ESCORT Service. Tel: 069/63 41 59.

MADRID. ORQUIDEA ESCORT and Guide Service. Multilingual. 4565926

AMSTERDAM BERNADETTE Escort Service. Tel: (0)20-327799

GENEVA - HELENE ESCORT Service. Tel: 36 29 32.

DOMINA AMSTERDAM ESCORT Guide Service. Tel: (020) 762842

FRANKFURT JENNY ESCORT & travel service. 069/55-72-10. Credit cards.

LONDON GENIE ESCORT Service. Tel: 370 7151.

HAMBURG - ROYAL Escort Service. Tel: 040/5534145.

MUNICH - REMEMBER ESCORT Service. Tel: 91 23 14

ZOLTANS ESCORT SERVICE in London. Tel: 221 5833

AMSTERDAM JEANET ESCORT Service. Tel: (020) 326420 or 340110.

GENEVA-ANIA, Female & Male Escort Service. Multilingual: 022/311069

HIGH SOCIETY ESCORT SERVICE Amsterdam. Tel: (0)20-864989.

LONDON TRUDIE ESCORT Service. Tel: 01-373 8849.

LONDON ERIKA ESCORT Service. Tel: 01-245 1017

FRANKFURT "TOP TEN" ESCORT Service. 069/55-88-26

VIENNA - SALOMO'S ESCORT Service. Tel: 58 70 182.

FRANKFURT - PETRA Escort & Travel Service. Tel. 069 / 68 24 05

GENEVA CHRISSIE ESCORT Service. Several languages. 430117.

HEATHROW - LONDON ESCORT Service. Tel 01-994 6682.

KAREN ESCORT SERVICE. Frankfurt Tel: 069/88-62-88

LONDON SCANDINAVIAN Escort Service. Tel: 01-589 3177

MUNICH - SECRET ESCORT & Guide Service. Tel: 089/ 44 86 038.

STOCKHOLM ESCORT SERVICE, open 6pm-11pm. Tel: 710 1373

VIENNA VIP ESCORT SERVICE. Tel: 65 41 58.

ZURICH MARSHA'S ESCORT Service. Tel: 01/242 36 52

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

	Sales in 100s	High	Low	Close	Net Ch'ge
A					
ABS .60 3.4	91	18	17½	17½	— ½
ADC s	1768	18	16	17¼	— ¾
AEL	1559	11¼	10⅝	10⅝	— ¼
AEP	853	12½	10¾	12½	+1¼
AIM Tel	138	4⅛	3¾	4¼	+ ⅛
ALC Cm	738	5	4⅝	4⅝	— ⅛
ARC Int	134	4⅝	4	4½	+ ¼
ASK	2595	10⅜	10⅛	10⅝	— ⅜
AST	3150	12¾	10⅝	11	—1½
AT&E	3343	15	12⅝	14⅝	+1⅝
ATE	56	5¾	5⅝	5⅝	— ⅛
AW A	789	4½	3⅞	4½	+ ⅜
AarnRt	365	18⅝	18¼	18⅝	+ ⅜
Abrams .24 3.8	74	6⅝	6¼	6⅜	— ⅛
AcuJoe	3481	4⅝	3¼	3⅝	— ½
Acodin	2829	3	2⅝	2⅞	— ⅝
Acelrtn †	365	11⅝	11⅝	11⅝	
AcuRay .28 1.6	722	17¾	16⅝	17	— ¼
Acxto .14r .8	143	19⅝	18¼	18¼	— ¼
ACMAT	85	14	13¼	13¼	— ¼
Actvsn	2431	1⅞	1⅛	1½	— ⅛
Actmed	2474	26	24½	25⅝	— ⅜
AdacLb	1484	1⅝	1⅜	1½	+ ⅛
Adage	822	3	2½	2⅝	
AdisnW .80 2.2	136	37¾	37	37	— ¾
Adia s	227	13⅝	12¼	13	— ⅜
Admac	2405	7	5⅛	5⅜	—1
AdvCir	1047	6⅝	5⅝	5⅞	— ⅛
AdCol	43	5⅝	5⅝	5⅝	+ ⅛
AdvGen	535	5¼	4⅞	4⅞	— ⅛
AdvMag	236	7⅝	7	7⅛	— ½
AdvSem	259	8	7⅛	7⅜	— ⅜
AdvTel	2259	7	6½	6⅝	— ⅜
Aequitrn	702	7⅝	6¾	7	— ¼
Aegon .36t .8	154	45½	43½	45⅛	+2⅝
AerSvc	382	2¾	2½	2⅝	+ ⅛
AerSysI	636	2	1⅝	2	
AffBcp .25t	36	12	10⅝	11¾	— ⅝
AffBsh .80 5.6	1148	14½	14⅛	14¼	— ⅜
AgcyR s †	1678	18	17	17⅜	— ¼
Agnico g	2786	19⅝	17⅝	19⅛	+1⅜
AidCp .24 1.7	342	13¾	13⅛	13¾	+ ⅛
AirCrg s	173	7⅛	7	7	— ⅛
AirMd .10e 3.0	3210	3½	3⅛	3¼	
AirWisc	1805	10⅜	9⅞	10	—1
AlaFdl	726	19⅝	19¼	19⅜	+ ¼
AlskBc .44a 8.8	177	5¼	4⅝	5	— ½
AlskMt .25t 4.9	3063	5⅛	5	5⅛	— ⅛
AlskNt	223	6½	6¼	6¼	— ¼
Alaten 2.20 6.4	268	35	30½	34½	+3½
AlcoHlt	466	20⅝	20¼	20⅝	+ ⅛
AlexBr .05e .2	1097	28½	25½	25⅝	
AlexB s 1.36 3.8	1225	36⅜	35	36¼	
Algorex	223	3⅞	3½	3½	— ¼
Allcoln .90 1.1	21	79½	77	79	—1
AllAm	2200	13⅝	11	13⅛	+ ½
AlegW .24 1.2	1063	21⅜	20	20½	— ½
AllegBv .40 3.1	2355	13	12⅝	13	+ ⅛
AlnOrg .24a .7	160	34	33	33½	
AllFinl .88 3.0	98	29	28	29	+2
AlldBn .84 5.3	7998	16½	15½	15⅞	— ⅛
AlldCa s .72a 3.7	88	20	19¼	19½	
AlldRsh	453	6½	5⅝	6⅛	— ⅜
Allison	287	10⅛	8½	9	—1
AloyCpt	190	8½	7¾	8½	+ ⅜
AllyGor .15e 1.3	229	11⅝	11½	11¾	+ ⅜
AlpMic	554	5	4⅝	4⅝	— ⅜
Altrncr	295	3⅜	3	3⅛	+ ⅛
Altos	4249	12½	10⅝	11⅛	—1¼
Altron	632	7½	5⅝	6¼	—1¼
Amcast .44 3.8	182	12	11½	11½	
Amcole	304	5⅛	4⅝	4⅝	— ⅛
Amcor s .091 .5	79	18⅝	18	18	
Amerbc	499	12	10	10½	—1
AFFMt	68	3¼	2⅝	3⅛	+ ½
AFFMI2	163	13⅝	12	12⅜	— ⅜
AFTxEx .28e 1.4	294	21	20	20	— ⅜
AWAirl	2400	8	7⅝	7⅝	— ⅛
vjAmAd	1683	⅝	⅝	⅝	— ⅛
ABusp	69	5⅛	4⅝	5	+ ⅛
ABkCt s .60 3.2	12	19	19	19	
ABnkr .50 3.5	9653	14⅝	13⅝	14¼	
ABrk g s	4074	12⅛	11	12⅛	+1
AmCapac	873	14	12⅞	13⅝	
AmCarr	501	14⅝	14⅛	14¼	— ⅜
AmCity	121	31⅜	28⅝	30	—2½
AConti .10e .9	389	11⅛	10⅝	10⅝	— ⅛
AmCrse	372	8¼	7⅛	7⅛	+ ¼
AmEcol	325	21	19½	20⅛	— ¼
AExpl	193	2⅜	2⅛	2⅜	
AFdSL .60 3.9	838	15⅝	14	15⅛	— ⅜
AFlltrn 1.44 3.4	36	42	41½	42	— ½
AmFrst †	1000	4	3	4	+ ¼
AFletch 1.00 2.0	2070	50⅝	47½	50⅛	+ ¼
AFurn .28 1.9	574	15	14½	15	+ ¼
AGreet .66 1.8	2273	37⅞	37⅜	37½	+ ⅜
AmHlth	1986	17	15	15⅛	— ⅜
AHSId	797	7⅛	6⅜	6¾	+ ⅞
AmInLf .40 3.1	1601	13⅝	12⅝	12⅝	— ⅜
AIndF 1.72 4.6	237	37⅞	36⅝	37	—1¼
AIM 84 1.65e 8.3	330	20	19⅝	20	
AIM 85	107	18½	17¾	17¾	— ⅜
AmInteg	1122	20⅝	19	20¼	+ ⅛
AInvLf s .20 2.6	1219	8⅛	7⅝	7¾	— ⅜
ALand †	55	8¼	7¾	7¾	— ¼
ALnd wt	10	2⅜	2⅛	2⅜	+ ⅛
AmLst s	475	15⅝	12¾	15⅝	+2⅜
AmLck .28e 2.5	441	11⅝	11¼	11¼	
AMagnt	266	4½	4	4	— ⅛
AMS s	206	18	17	17½	+ ¾
AMdCtr	708	6½	6	6⅛	+ ¼
AMdSv s .14 .8	221	17⅝	16⅝	17	— ½
AMidl	1217	⅝	⅝	⅝	
ANtIns 1.20 3.2	2596	37	36½	37	+ ½
ANucIC	208	2⅜	2	2¼	
AmNuci	154	2⅛	2	2	
APhyG	157	3¼	3	3	— ¼
AmPion	66	9⅝	9¼	9¼	— ⅜
AmRest	6	3	3	3	
ASavNY	2498	18	16¾	16¾	—1⅛
ASNY pf	237	22¾	22⅛	22¼	— ⅜
ASavWA	114	17	16	16½	— ⅜
AmSec 1.02 3.1	930	34½	32¾	33	—1½
AmShrd	87	2½	1⅞	1⅞	— ⅛
AmSoft	268	11⅝	11¼	11⅝	+ ⅜
ASolar	4424	1⅛	⅞	1⅛	
ASurg	2037	⅜	⅜	⅜	
AmTrav	459	8⅛	7¾	7¾	— ⅜
AWstCp †	487	10½	9⅝	9⅞	— ⅜
AWood	1072	13	11¾	11¾	—1
Amritr 1.76 4.1	1825	44½	42⅝	43⅝	+ ⅛
Amrwst	240	17	16⅛	17	+ ¾
Amertk	766	2⅞	2⅝	2⅝	+ ⅛
Amgen	3876	21⅝	20½	20⅝	—1⅛
Amistar	466	5½	5	5½	
AmskB s .56 2.3	720	25⅝	24	24¼	—1⅜
Amosk 1.20a 1.5	91	80	68	80	+4
Ampad .40 2.9	1129	14⅝	13	13¾	—1
Amwst .12 1.1	9	11	10⅛	11	+ ⅜
Anadite	17	7⅛	7⅛	7⅛	
Anlogic	4473	10⅝	9⅝	10⅛	— ⅛
AnalyTc .10 1.0	72	10½	9⅝	9⅝	—1
Analyl	436	5	4⅝	4⅝	— ⅛
Anaren	329	12⅜	11½	11½	— ⅜
AnchGl	2588	26½	24½	25⅝	+ ¾
AndrGr	106	8⅛	8	8	
Andovr	282	10⅛	9⅛	10⅛	+ ½
AndvTg	512	12⅝	11½	12½	— ⅛
Andrew	2526	18⅛	16½	17⅝	
Andros	215	9⅝	8⅝	9⅝	— ½
Animed	4383	5⅝	4⅝	5⅛	+ ⅜
Anitec .40 1.5	709	27⅝	26	26	—1⅛
Apogee .14 .8	855	18⅝	16⅝	18⅛	+1⅜
ApoloC	3196	11	9⅞	11	+ ⅛
ApplBk	1149	27⅞	25⅝	27⅛	+ ⅞
AppleC	32000	32⅝	30⅞	31⅝	+ ⅞
ApldBio	3791	42¼	37½	38¼	—2⅜
ApldDi	33	4½	4	4½	
ApldM s	6346	9	8	8¼	— ¼
ApldSir	42	12¼	11½	11¾	— ½
ArabSh	19	2¾	2⅛	2⅛	
Archive	563	7⅝	7⅜	7⅝	+ ⅛
Arbor	601	20⅜	19½	19⅝	— ⅝
Arden	113	25⅜	25	25⅜	+ ½
ArgoSy	1471	18⅝	16½	18⅛	+1½
ArizB .80b 1.8	2104	44	43⅝	43⅝	— ⅜
ArkRst	66	9⅝	8	8	—1½
Arnold s .40 1.1	3	36½	36½	36½	—1½
ArowB s .96 2.5	11	39	38	38	+2
Artel	565	3⅝	3⅜	3⅝	
Ashton	11257	23¼	20	23⅛	+1½
AspenR	647	2⅝	2	2⅝	+ ⅛
AsdBnc .48 2.4	1222	21½	19⅝	20	—2
ACmA s	170	28⅛	25¾	27¼	— ⅜
ACmB s	161	28½	26	26½	—1¾
AssdCo .10e 1.1	301	9⅛	8⅞	9⅛	+ ⅛
AsdHst .12 1.4	794	8⅝	8⅛	8½	— ⅛
Astec	117	12⅛	10½	10½	—1⅛
AstroM	68	8⅝	8½	8½	— ⅛
Astrcm	90	3	2⅝	2⅞	— ⅛
Astron s	19	9	8⅝	8⅝	—1
Astrosy	507	8	7⅛	8	+ ⅜
Atcor .48 3.6	522	14¼	13	13¼	— ⅜
AthnF s	14	24	24	24	
Athey s	147	12¼	11½	12¼	
AtlcoF .20 1.3	37	16½	15⅝	15⅝	
Atkinsn .84 5.4	1098	15½	14¼	15½	+ ¾
AtlGsL 2.80 6.3	1058	44½	41½	44⅛	+1
AtlAm s .24 1.4	397	17⅝	16⅝	16⅝	— ½
AtlnFd	1734	14½	13	14⅝	+ ⅞
AtlFSv	68	15	13½	14⅝	— ⅛
AtlFin .15e 1.0	1651	14⅝	14¼	14½	— ½
AtlF pt 1.05 7.4	1252	14¼	13⅝	14⅛	— ⅛
AtlPrm	52	9	8½	8½	— ⅛
AtlRes	458	27¼	26⅛	27	— ¼
AtlSeAr	2127	10⅛	9⅝	9⅝	— ⅜
Austron	98	2⅝	2⅛	2⅛	
AtwdOc	167	13½	13	13	
AutTrT †	486	3⅝	3¼	3¼	— ⅛
Autoclv .16 2.6	115	6½	5⅝	6⅛	— ⅜
Autodsk	2262	27	25½	26⅝	— ⅜
Autodie	311	2¼	2⅛	2¼	+1
AutoSy	78	7	6¼	6¼	— ⅜
Autmtx	5269	2⅜	1½	2⅛	— ⅛
AutoCp †	45	7⅛	7	7½	
Auxton	882	11⅜	11⅛	11⅛	+ ⅜
AvntGr	1195	4	3	3¾	
Avntek	4228	17¼	15⅝	16⅝	+ ⅝
Avatar	219	23	22¼	22¼	—1⅛
AztcM .08 2.1	161	4⅛	3⅝	3⅝	— ⅛

(Continued on Page 15)

Chicago Exchange Options

Figures as of close of trading Friday.

Option & price	Calls		Puts	
	Aug	Sep	Aug	Sep

Total Volume: 418,511
Open Interest: 5,874,408
r—Not traded. s—None offered. o—Old.

American Exchange Options

Figures as of close of trading Friday.

Option & price	Calls		Puts	
	Aug	Sep	Aug	Sep

Total Volume: 183,140
Open Interest: 2,287,302
r—Not traded. s—None offered. o—Old.

A Monthly Report for the International Investor

Herald Tribune. INTERNATIONAL

Monday, August 11, 1986

PERSONAL INVESTING

FOCUS

Does Fund Size Affect Its Results?

BIG MAY not be better, but is it bad? That's a question being asked more frequently now that mutual funds in the United States have swelled to record levels thanks to the prolonged stock market rally and a stream of new money from eager investors. With the total assets of equity funds approaching $150 billion, some experts question whether some funds have grown too unwieldy to generate superior returns.

It is a debate that may never end. A number of funds have halted new investments over the past year, fearing that uncontrolled growth could jeopardize their nimbleness in the marketplace. But the big funds have no shortage of proponents. And they point with pride to Fidelity Investment Cos.' giant Magellan Fund. Its $6.9-billion size can hardly be considered a handicap, especially since it generated a 30-percent return in the first six months of the year.

A study published last year by Chicago-based Investment Information Services indicated a direct correlation between size and performance. Tracking 70 no-load diversified equity funds from 1979 through 1984, the study found that funds with a median size of $13 million generated an average annual return of 24.2 percent and that performance fell off with bigger funds. Funds with a median size of $290 million showed an average return of 9.9 percent a year.

GERALD Perritt, president of the advisory firm and publisher of The Mutual Fund Letter, says this is proof enough that big funds can end up sacrificing their flexibility. He points out that big funds may have about 1,000 stocks in their portfolio. "In effect they bought the market," he says, "and you can't beat the market if you own it."

Moreover, he argues that their size prevents them from taking advantage of emerging growth stocks that can have a big impact on a small fund's performance because big portfolios can never hope to acquire a significant number of shares without distorting the price. "I would stay away from funds over $500 million," Mr. Perritt says.

Gerald Perritt

Supporters of big funds, however, contend that such reasoning overlooks some clear advantages of large portfolios. Big funds, they say, promise more stability over the long term because of their diversification and are more likely to survive periodic downdrafts in the stock market — a key consideration now that the rally is showing signs of fatigue.

Large funds also can devote more resources to research and, because of their buying power, usually are the first ones that brokers call with special situations.

FOR some experts the debate has grown tiresome. "I disagree with both schools of thought," says Michael D. Hirsch, chief investment officer for Republic National Bank in New York and manager of Fund Trust, a fund that invests in other mutual funds.

He argues that fund management and investment style are more important considerations in selecting a fund and that size is only useful when evaluating a fund's investment tactics. "It would be foolish for a $1-billion fund to concentrate on emerging growth stocks," he acknowledges.

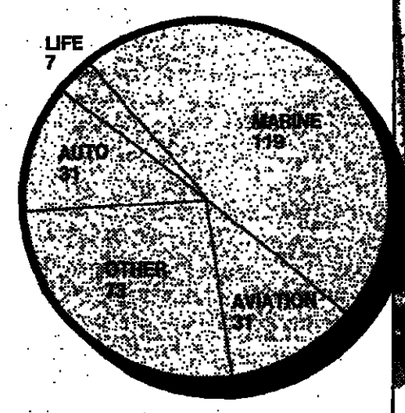
Michael A. Lipper, president of Lipper Analytical Services, which tracks fund performance, also plays down the importance of size. Although the average returns of big funds may not be as staggering as some successful smaller funds, he says that a review of fund performance in the 12 months ended last May 22 shows that larger funds did better on average.

"Most people get confused when they look at the top of the performance chart and see only small funds," Mr. Lipper says. "What they don't look it is the bottom of the lists where they would find even more small funds." □

John Meehan

Continued on Page 19

How Syndicates Have Multiplied At Lloyd's



Mark Turner/IHT

Lloyd's vast underwriting room is the centerpiece of its modernistic, steel-and-glass building, designed by Richard Rogers, architect of the Pompidou Center in Paris.

Lloyd's Lures The World's Risk Takers

By Terry Trucco

London

IT IS A fairly select society, currently 28,944 members strong. Though the majority are British, the members come from 63 nations. By definition, each is a risk taker. Some are well known, like tennis pro Virginia Wade, novelist Jeffrey Archer and three members of the rock group Pink Floyd. Others are merely wealthy. All, however, are Names, the underwriters that form the backbone of Lloyd's of London.

For nearly 300 years, Lloyd's members have promised their entire fortunes to meet insurance claims, providing the underlying capital needed to run Lloyd's. And in that time, they have preserved the establishment's unique character, from its humble beginnings in 1688 as Edward Lloyd's coffee house where shipowners arranged insurance for their cargoes and vessels, to its current status as the world's largest market for diversified insurance.

Becoming a Name has always been extremely tempting for investors. Income from insurance premiums is pure profit and the bulk of the cost of membership is covered by pledging assets, such as real estate and even artwork in some cases. Thus, a Name can, in effect, make some investments pay twice. The assets would only be liquidated if the Name needed cash to cover claims. "It's like the jam on the bread and butter," as one underwriting agent puts it.

Membership is up 10,000 since 1981, and some experts think that now may be a good time to consider becoming a Name. After several disastrous years, casualty insurance is expected to rally. Some analysts predict the start of the biggest upturn in the insurance industry in 20 years thanks to a shakeout and higher rates.

"It's a cyclical change, but suddenly there's a favorable environment," says Christopher Fountain, an analyst with Wood Mackenzie & Co. "And it could last another two to three years."

In theory, membership in Lloyd's is open to anyone over 21 with at least £100,000 (about $147,000) in "readily realizable" assets. The amount of assets determines the premium limit — twice the Name's pledged assets — which is the total that can be placed with underwriting syndicates. The limit is the ceiling on income from premiums that a Name can earn. The maximum premium limit currently is £1 million, based on wealth of £500,000.

Up to 40 percent of the assets pledged can be property, aside from a principal residence. The rest should be cash, gold, listed securities, bank guarantees and similarly liquid assets. The entry fee is £3,000, along with a substantial deposit — in Britain, 25 percent of the premium limit, 35 percent for

Continued On Page 12

Mirko Ilić

The Conference Circuit: Gurus, Glitz and Gloom

By Edward Rohrbach

Monaco

IN THE casino at Loews hotel, high-rollers labor until well past midnight contributing to the financial well-being of this principality. Conspicuously absent from the tables, though, are a group of well-heeled investors, most of them American, who have traveled to Monte Carlo to improve their odds in the stock market.

These guests, who are attending one of the dozens of investment seminars held around the world each year, are likely to be more interested in blue chips than poker chips. "Most of them are in the millionaire class — and the rest are folks who seriously want to be," says Howard Brown, president of Ramm Electronics Inc., an exhibitor at many such conferences.

For fees of about $100 a day (not including hotel, food and travel costs), investment seminars offer their customers the chance to hobnob with an assortment of money managers, newsletter writers, politicians and geopolitical pundits in luxury settings in Europe, the Caribbean and the United States. The meetings can be a good way for investors to learn about important trends and pick up specific recommendations. Yet, like so much in the world of investment, the quality of information imparted can vary greatly, according to veterans of the conference circuit.

Though fears of terrorism held down attendance at some European conferences this year, bouyant world markets kept the conference crowd coming. "There's a mild bull market in investment conferences," says Charles Githler, the founder of Investment Seminars Inc., a leading organizer of conferences and sponsor of the Monaco conference and an earlier one in Lausanne.

While he estimates that potential attendance is in the millions, as measured by market letter subscriptions and financial page readership, Mr. Githler says that the number of investors who attend conferences on a regular basis totals about 15,000. Investment Seminars will hold about 10 major conferences this year, five outside the United States. The biggest will be in February in Fort Lauderdale, Florida.

From the organizer's point of view, the economics of the conference business seem healthy. Since Investment Seminars started in 1977, its worst year was 1983, when it had a $20,000 profit. "In a good year, we do six figures," Mr. Githler says.

But the conference business does not thrive on attendance fees alone. Other income flows from exhibitors selling distributorships, franchises or various services. Ramm Electronics paid about $10,000 to sell its "Rent-a-Movie Machine" distributorships at conferences in Lausanne and Monte Carlo.

Popular market advisers with established records can command speaking fees from conference sponsors of $2,000 and up, plus expenses. Lesser-known personal-

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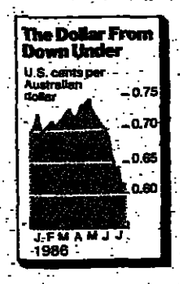
UPDATE

Australian Gambit

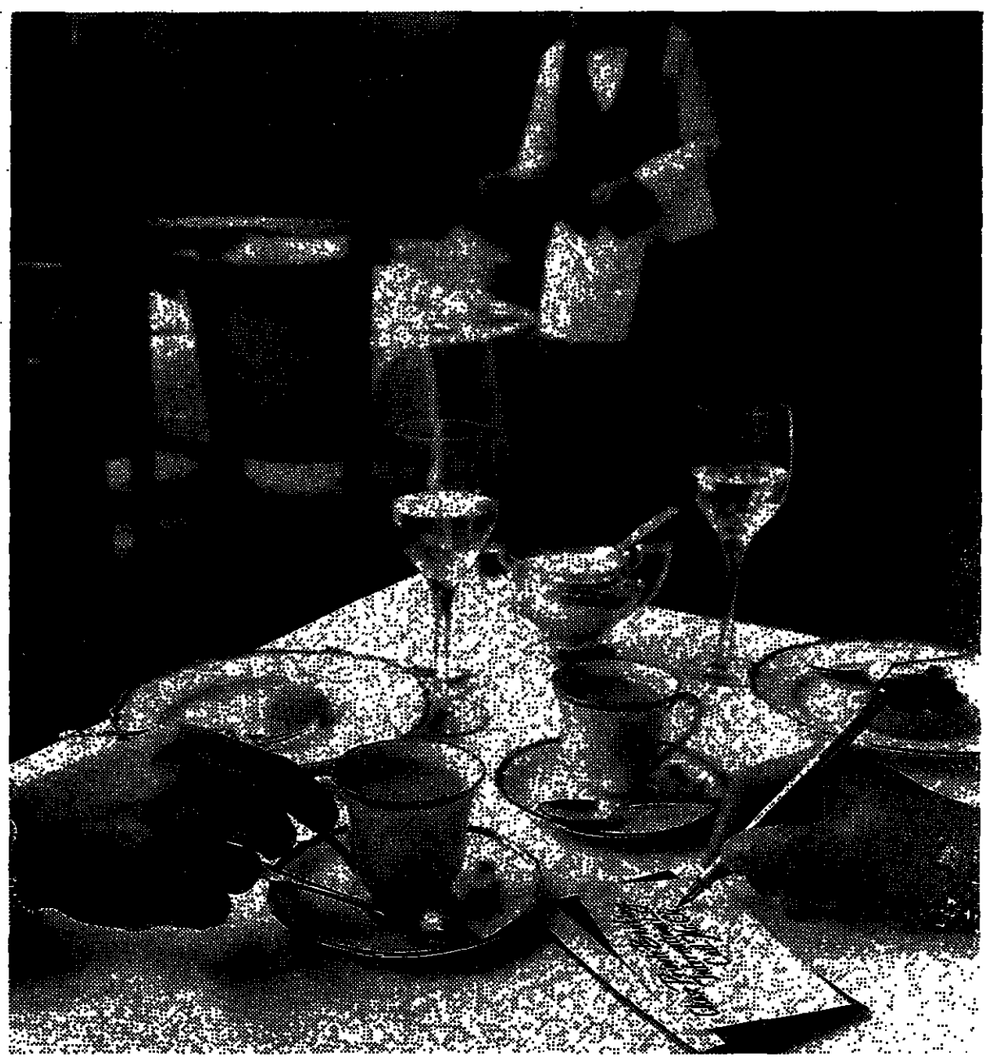


IN the quest for higher income, many investors piled into Australian dollar bonds early this year, believing that yields of 12 to 14 percent insulated them from adverse currency moves. The tactic boomeranged. The Australian dollar has slid 25 percent against the U.S. currency since January, largely because of fears about the country's growing trade deficit, labor unrest over austerity plans and an on-again, off-again effort to impose withholding taxes on some debt instruments.

What next? Michael R. Rosenberg of Merrill Lynch Capital Markets counsels investors who incurred losses to sit tight. The Australian dollar has recovered a bit, and, by some estimates, it is undervalued by 30 percent on a trade basis. For investors who do not hold any Australian paper and can stomach the extreme risks, this might be the time to buy, he says. The yield cushion is even thicker than usual; Australian government bonds are yielding about 14.4 percent versus 7.4 percent for U.S. Treasuries. Over a five-year view, the Australian dollar would have to fall to 45 U.S. cents before the difference in return in U.S. dollar terms would disappear, Mr. Rosenberg calculates.

Bettors on Australian bonds should circle Aug. 19 on their calendars. That is when the government will outline its austerity budget proposals. Investors will be looking for tough measures to trim the budget deficit and watching the reaction from unions, Mr. Rosenberg says. □

William McBride



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The Conference: Investment Ideas

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ities must purchase their spot on the program. "Some speakers are paid to speak, and others pay to speak," notes a frequent speaker who earns substantial fees for his appearances.

Despite the luxury settings, long-time participants say conference-goers are serious investors who are looking for more than sun and some cocktail conversation. "I find the level of attendees at these conferences incredibly qualified," says Mark Hulbert, editor of Hulbert Financial Digest, a widely followed publication that tracks the performance of major market advisory newsletters. "They take copious notes and work hard all day."

KENNETH Buffin, a British-born consultant who has been living in New Jersey for 15 years, says that he seldom plays the tourist. "I usually get so involved in the meetings I don't have time to see anything," he explains, adding wistfully, "There was the opera in Vienna once."

The variety of opinion and the chance of hitting on a novel investment idea lures most people to the conferences. John D. Meschuk, who owns and operates a nonferrous-metal die-casting company in Cyprus, California, says he has been attending about two investment conferences a year, one of them overseas, since 1980. At ISI conferences, he says, there are "a lot of speakers with different opinions. They respond to my questions, and then I can sift out my own conclusions."

Apart from getting personal investment ideas, he says, insights provided about the "world-wide geopolitical situation" help in running his business, a subcontractor for Boeing, the big aerospace company.

Hans Peter Benning, a West German investor who lives in Spain, says, "you can find every different opinion" at conferences. "It's just like the marketplace."

But the information flow goes two ways, says Charles Allmon, a highly regarded U.S. market adviser and editor of Growth Stock Outlook newsletter. "I like to talk to the attendees because often they are self-made business people and you can get a good feeling about what's happening in the national economy."

But his opinion about many of the other speakers he has shared podiums with in the last 25 years is decidedly lower. "Very few of them are actually money managers and many of them have no track record," he declared. "It's like grabbing an eel by the ears in trying to find out exactly how well they've done in the stock market. Talk is cheap and so is investment advice."

Donna Bushnell, co-editor of MLB Stock Advisory and a venture capitalist whose low-keyed delivery has earned a devoted following at conferences, observes that the speakers generally "have very big egos" and some "live on reputations earned years ago."

Another star of the conference circuit, Al Frank, says that "a lot of people at conferences are there in hopes of finding the golden formula or the one hot tip." Mr. Frank, editor of the Prudent Speculator, the top performing U.S. newsletter over five years, says that the audience members should undertake "serious study of the classical texts on investing."

Yet he acknowledges that one solid idea can make a conference pay. "So somebody spends $500 or $1,500 attending one," he notes. "If he or she buys 5,000 shares on a good recommendation, and the stock goes up 10 points, they've covered the cost 50 times over."

IN A speech at a recent conference, Mr. Hulbert worried that audiences get "caught up in the charisma of particular speakers." Conference organizers schedule "the biggest drawing cards, not always the best advisers," he argued. He called for more panel discussions, so conflicting views would be debated in front of the audience. "Now the speakers maintain a mutual admiration society even though they present widely different views," he notes.

A main feature of the conference circuit is speakers who rail against heavy-handed government intervention and praise the virtues of unfettered capitalism.

One major conference organizer is the National Committee for Monetary Reform, which holds a big conference on gold in New Orleans that usually attracts several thousand "hard money" investors.

Its recent seminar in Montreal drew about 400 people and attracted many top names. The topic of the closing speech, "The Challenge of the Decade: Government Intervention and Individual Freedom," struck a typical note.

Impending disaster is another theme that pervades the conference scene. Harry Schultz, an American-born newsletter writer based in Monaco, dominated the last few days of the Monte Carlo conference with his patented, bone-deep pessimism.

At one point, he warned U.S. residents to keep 80 percent of their money outside the country, lest it fall prey to political and economic upheaval.

"These people have been selling gloom and doom for 30 years," recalled Mr. Meschuk, who was in the audience. "It reminds me of when I was a kid and paid 10 cents for a ride through the House of Horrors in the amusement park just to make my hair stand on in. Here, I'm paying $600." □

Familiar Faces on The Conference Circuit

John Templeton
An elder statesman among global investors and founder of a leading mutual fund and money management firm.

Stan Weinstein
Editor of the "Professional Tape Reader" newsletter and considered one of Wall Street's top technical analysts.

Charles Allmon
A former National Geographic magazine photographer who manages $400 million in addition to editing Growth Stock Outlook, the No. 2 ranking market letter over the last five years.

Mark Hulbert
His "Hulbert Financial Digest" monitors the performance of leading advisory letters, enabling investors to separate claims from reality. His work shows that most newsletters fail to outperform the market.

Arnaud deBorchgrave
Editor of the Washington Times and a commentator on international politics.

1887/1986 99 YEARS.

The International Herald Tribune

Lloyd's: A Select Society of Risk Takers

Continued From Page 11

those outside Britain. An annual subscription based on the previous year's premium limits is charged after that.

Nomination is by an underwriting agent, who acts as a liaison between syndicates and the Names, and two sponsors who already are members. The choice of an agent is critical, since they handle all of the Name's dealings in the market, including signing Names on with a variety of syndicates. Potential Names should shop around, meeting and comparing agents.

"It's very difficult for a Name to have an adversarial relationship with an agent," says Stephen Merrett, managing director of Merrett Holdings PLC, a Lloyd's member.

Agents also are selective. And if the candidate's holdings just reach £100,000, many agents will suggest trying again later.

"We're not in business to make losses, but a net loss of £10,000 in relation to assets of £100,000 is quite a hole in a participation," says Charles Parnell, a director at R.W. Struge, an underwriting agency. Lord Strathalmond, managing director of Bain Dawes, another agency, adds, "Unless you can spread your unlimited liability over enough syndicates, don't do it."

Such care is required because Names are expected to be members for years. Lloyds takes three years to close accounts because of late claims. Its most recently completed figures are for 1982. And premiums are not paid out to Names until after this period, though they are kept in managed funds that generate additional returns.

This accounting delay also makes information gathering difficult for Names eager to gauge the performance of the various syndicates. Agents usually provide Names with plenty of data and the Association of Lloyd's Members publishes five-year syndicate results, which can provide a sense of overall performance.

Returns can vary widely. For 1982, the ALM says results per £10,000-share ranged from a loss of £22,500 in one syndicate to a profit of £14,477 in another.

Agents caution that Names also should keep an eye on the syndicate's management. "It's important to know if a loss is due to bad luck or bad underwriting," says one.

Just a year ago, Lloyd's reputation was battered by the discovery of fraud and mismanagement in three syndicates run by the PCW underwriting agency. According to private investigators and a Lloyds investigation, the PCW Agency's two founders skimmed off about $55 million in premiums belonging to their 1,500 Names. A Lloyd's disciplinary committee later found the founders guilty of dishonestly misappropriating funds.

Mark Turner/IHT

This lectern holds a Lloyd's register.

THE money is said to have bought jets, yachts, a French orange juice company and even to have funded a pornographic movie. Though some of the money was recovered, the Names were hit by an additional $180 million from underwriting losses in the United States between 1979 and 1982. Many threatened to sue Lloyd's for not spotting the alleged fraud.

Lloyd's now is working on a plan to rescue the unlucky names, earmarking £225 million from its contingency fund to allow Names to meet solvency requirements and remain members. It also is in the process of negotiating a financial settlement with the Names that would most likely apply to losses from fraud.

In the meantime, Lloyd's has tightened controls, and there has been talk of placing it under the wing of the Financial Services Bill, which would result in a form of government regulation and is something that most Names and agents dread.

Even with tightened regulations, being a Name is risky business. In a grim year, when bad underwriting or bad luck takes a toll, a member must satisfy all claims, a financial demand that can be far higher than the amount he has pledged to syndicates. Indeed, syndicates can underwrite policies for amounts substantially beyond their total pledges. The premium limit is used only to calculate a Name's share of liability and insurance premiums.

Names can purchase "stop-loss," a special type of reinsurance, but rarely does it completely cover losses.

"People never think of the possibility of making a loss, which is a pity, because unlimited liability is real," cautions Mr. Parnell. Lord Strathalmond says, "We are looking for someone who is a risk taker, both in business and in personal life. He must realize that he is putting up everything."

Indeed, in many people's minds, Lloyd's has become synonymous with an aggressive risk-taking approach that has produced a number of offbeat policies. Insuring Betty Grable's legs for $1 million is legendary. But probably more interesting was the policy for actress Kerry Wallace, who was insured for 100,000 South African rands (about $38,200) in the event her hair failed to grow back after it was shaved off for her role in Star Trek, The Movie. More recently, Lloyd's insured the world's biggest cigar for almost £18,000.

Names take comfort from the fundamental idea behind insurance — to make risks bearable by sharing them. Lloyd's officials like to quote an Elizabethan act of Parliament: "the losse lighteth rather easilie upon many, than heavilie upon few." In fact, Lloyd's has had surprisingly few bankruptcies among Names in its 298-year history.

The reason has to do with the number of syndicates that participate in transactions. On receiving a request for insurance, one of Lloyd's 260 brokers sizes up the risk and then negotiates a premium with the lead underwriter at a syndicate, which usually specializes in one of four categories of insurance — marine, non-marine and life, aviation and automobile. After an arrangement is struck, the risk is spread over several of Lloyd's 370 syndicates.

Some syndicates are large groups, comprising several hundred members, while others may have only a few Names. Their tolerance for risk also varies greatly. Some participate only in standard policies, while others veer toward high-risk, big-premium situations.

During a fiscal year, which begins each June 30, Names usually spread their year's premium limit allotment over several syndicates for the safety of diversification. The Association of Lloyd's Members recommends 10 syndicates for a £200,000 premium and 20 syndicates for a £500,000 limit. The organization also suggests that the marine and non-marine categories each receive 40 percent of the premium limit with the remainder divided equally between aviation and automobile.

Each agency has a set number of syndicates at its disposal, so it is not always possible to get the preferred mix, particularly for first-year Names.

Market sectors also vary from year to year. For the past few years, non-marine has suffered, due largely to a U.S. insurance market wracked by overcapacity, costly claims and low premiums. Last year, for example, in its non-marine category, Lloyd's lost £314 million in general liability claims and another £1 million from covering accident and health claims.

Analysts contend that this sector is improving, with reasonably bright prospects for the next two or three years. The outlook for marine insurance is less upbeat because of the drop in oil prices and consequent drop in premium prices.

All this might point to the present as a good time to become a Name. Lord Strathalmond agrees up to a point: "Nothing lasts forever here. It will all go away — and all come back — again." □

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BOURSES

Why Airline Stocks Will Remain Under Pressure

By Edith Cohen

New York

WHEN chairman Donald C. Burr told People Express shareholders at the annual meeting on July 31 that "you can't go back to the future," he was saying goodbye to the pioneering no-frills era ushered in by the airline only five years ago.

Mr. Burr's somber cataloguing of changes to be implemented by the industry upstart marked a turnaround in its pure commitment to no-frills. And although People Express virtually turned the deregulated industry upside down — igniting fare wares and fierce competition for routes and passengers that still rage — Mr. Burr was conceding that the People Express philosophy, in the end, did not work.

With the industry still reeling from first-quarter operating losses of some $527 million and still trying to get a grip on such major problems as excess capacity and a discount-fare system that is pretty much out of control, People Express is something of a microcosm. How well and how quickly it weeds out unprofitable routes and rationalizes its fare structure will not only determine whether it will survive, but may offer signs of how quickly the industry as a whole can get back on its feet.

In the meantime, however, People Express' change in strategy and the beneficial effects it may have on the industry have failed to excite investors. And despite talk of an industry turnaround, many experts remain cool to airline stocks.

"I don't own any," says John B. Neff, portfolio manager for the Windsor Fund, a mutual fund in the Vanguard Group. "There's not much encouragement from the record to predict earnings growth, much less current earnings." Marshall Acuff, portfolio strategist for Smith Barney, says he would not now be an aggressive buyer of airline stocks.

Whatever signs of recovery are on the horizon, the horizon still seems some distance away. The summer traffic pickup has been fairly lackluster. The fight for position before wide-scale consolidation takes place — it is foreshadowed by the flurry of merger and acquisition activity — is only fanning competitive fires. And lower fuel prices, which had been expected to be a blessing for the industry, have instead fueled overcapacity by allowing airlines to keep in service older planes that would otherwise be uneconomical to fly.

On Wall Street, this means that airline stocks generally have been trading near the low end of their one-year range recently. Virtually all were poor market performers in the second quarter, from the nearly 24-percent drop for People Express to a 5.6-percent gain for Texas Air, according to Smith Barney. By contrast, the Standard & Poor's 400 Index showed a 6.2-percent increase in the same period.

The changes announced by Mr. Burr could take the pressure off other airlines to continue cutting fares. In addition to reducing capacity, People Express has abandoned the concept of a single, low fare on each flight in favor of a more conventional approach, including varied fare levels and a business class.

People's new strategy does not abandon discounts, but it is aimed at improving the revenue yield for each flight. As Gilbert Benz, an economist at A. Gary Shilling & Co., says, "if you're going to offer discount seating you have to fill the plane," something People Express has not been doing. If the discounts are too extensive, flights will lose money, as the industry has discovered. At the moment, from 80 to 90 percent of revenue passenger miles are discounted, notes Mr. Neff of the Windsor Fund.

With all its changes, reviews are mixed about People's prospects. Robert J. Joedicke, an analyst for Shearson Lehman, expects it to benefit from a sophisticated computerized method of managing its fare structure. But Mr. Acuff says "it's not going to be easy" establishing itself as a business carrier.

The industry as a whole "will see nasty-looking profits for the second quarter," predicts Mr. Benz. The reason for such poor results is the inability of managers to come up with the proper mix of fares.

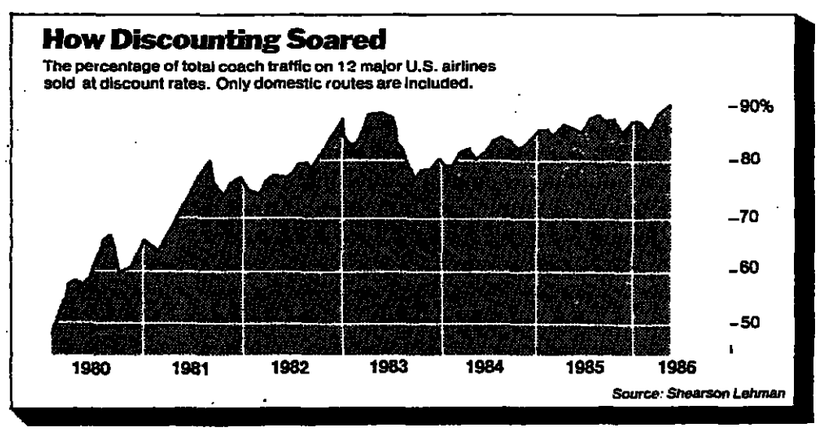
And Mr. Acuff says he believes that the key to the industry's outlook is improved business travel, which "correlates to the trend in corporate profits," where he does not expect to see improvement until late in the year.

Nevertheless, some analysts are willing to pick those airlines with the best potential for tapping into a recovery. AMR, the parent of American Airlines, tops the overall list. Its Sabre computer system, used by many in the industry, including People Express, and its wisely applied Ultimate Super Saver fare are credited with effectively controlling fare variation.

Mr. Joedicke notes that management of information is becoming as important to the industry as the efficient management of fleets and ground operations.

AMR appears on Shearson Lehman's list of 10 uncommon values. Mark E. Daugherty, first vice president at Dean Witter Reynolds Inc., favors AMR as being in the best position in terms of finances, management and overall game plan, which includes the cost-cutting, two-tier labor contract that others in the industry want to emulate. Mr. Daugherty predicts that AMR, which earned $5.94 a share in 1985, will earn $4.25 a share in 1986 and $6 a share in 1987.

He also picks NWA Inc., parent of Northwest Air, for its low stock price and expectations of gains from the acquisition of Republic Airlines. He estimates it will earn a modest $2.50 a share in 1986 and $5 a share in 1987. And he looks to USAir, currently at 10 percent below book value, "when investors get more open-minded." □



AP Wide World

People Express planes line up at Newark International Airport.

FUNDS

Can't Beat the Market? Then Join It

By Lynne Curry

London

THE hope of every investor is to outperform the overall market, but few appreciate how difficult that is. Even for professionals, "the odds of beating the market are below 50-50, less than half," calculates Chris Nowakowski, president of InterSec, a Stamford, Connecticut, firm that tracks international money managers and advises pension funds.

Those odds have driven many pension fund officials in the United States to throw in the towel. Instead of trying to find money managers who can beat the market, they have put much of their money in index funds, whose portfolios simply mirror the performance of a popular market index. "There is a trend toward indexing," notes Mr. Nowakowski. "It's a slowly growing global phenomenon at the institutional level."

Until recently, index funds were strictly for institutional players and were limited to tracking the performance of the U.S. stock markets. But now there are index funds open to individuals, and the notion has spread to London and Tokyo. The question is how relevant indexation is to an individual investor's goals.

The appeal of indexation can be seen in the performance of the Vanguard Index Trust, a no-load mutual fund that tracks the Standard & Poor's 500 Index of U.S. stocks. In the past five years, the average U.S. equity mutual fund gained 117 percent. The Vanguard Index Trust, the only pure index fund in the United States open to individuals, was up 137 percent.

Indeed, the average performance of U.S. mutual funds seldom surpasses the performance of the S&P 500. The first quarter of 1986 was the first time that average mutual fund performance edged out the S&P 500's gains since the second quarter of 1983. In the second quarter of this year, the funds resumed their laggard ways, with an average total return of 5.15 percent versus 5.89 percent for the S&P 500.

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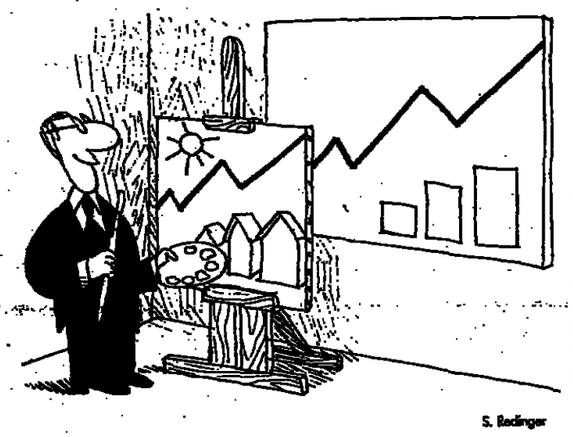


S. Redinger

Those U.S. statistics suggest the difficulty of picking a fund that will consistently do better than the market average.

The record of professional investors elsewhere is not much different. In Britain, the average performance over the last 12 months of unit trusts that invest in the London market was 36.2 percent, while the FT All Share Index returned 38 percent, according to Money Management magazine.

Inspired by the indexation phenomena in the United States, the British fund group Foreign & Colonial launched this year two funds, one indexed to the S&P 500 and the other to London's FTSE 100 Index. F&C also plans to launch a fund linked to the performance of Tokyo's Nikkei-Dow Jones Index.

London investment advisers say index funds may hold attractions for institutional investors, but individuals will likely remain cool to the idea. "Investing in index funds is like abdicating responsibility," says Colin Brown, private client director at de Zoete & Bevan, a British brokerage. "It takes out some of the excitement."

Still, the conservative investor with a long view can make a good case for putting a sizable chunk of assets in an index fund. "The advantages are that it's cheap and gives you somewhat better statistical odds of matching the index than active management does, and it gives a broadly diversified portfolio," says Mr. Nowakowski. Because the managers of index funds are not spending money on research or switching holdings in an effort to chase higher-than-average returns, transaction costs and management fees are low.

John Bogle, chairman of the Vanguard fund group, sees stock index funds as a good bet for the defensive-minded investor with patience. Overall, he notes, stocks typically outperform other investment alternatives over a period of many years, and index funds tend to outperform actively managed funds. Consistent with that view, he has put all $15,000 of his tax-deferred retirement account in the Vanguard Index Trust. The negative is obvious: An investor in an index fund gives up the opportunity to bet on a market-beating run.

One market in which the index approach seems to have found acceptance is Japan. Earlier this year, Nikko Securities started a fund based on the Tokyo Stock Exchange Index. With nearly all of the money invested in 200 of the index's most active shares, the fund has grown to around 100 billion yen ($653 million). About 60 percent of the money is institutional, with the remainder coming from individuals.

In May, Yamaichi International Ltd. started an index fund based on the Nikkei 225 Index. Drawing mostly individual investors, it mushroomed to about 122 billion yen. Foreign investors are welcome, says Yamaichi officials, but there is one caveat: The fund's brochures are available only in Japanese.

The experience of investors in Japan last year made index funds seem attractive. "Last year, it was almost impossible to outperform the index," explains Hideo Suzuki, managing director of the London office of Nikko Securities, which has launched a Luxembourg-listed index fund for Japanese stocks that is open only to institutions. When compared with the major index, the portfolios of many investors were underweighted in the sectors that performed best, such as domestically oriented stocks and banking shares.

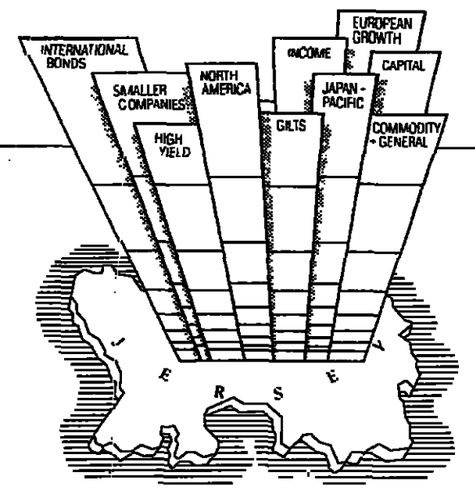
Some fund management firms have ambitious plans to create a new family of international index funds, but the task is daunting. London-based River & Mercantile Investment Management until recently had planned to launch a fund that would invest in 390 stocks worldwide to replicate the performance of a widely used index of world markets. Response from institutional investors reportedly was tepid and the launch was postponed.

One of the difficulties of such a fund is raising enough money to buy the wide array of stocks needed to replicate the performance of a global index. Index funds for individual markets such as New York, London and Tokyo are easier to construct, especially now that there are financial futures and options whose values are linked to major market indexes.

For example, neither of the Foreign & Colonial index funds buy stocks outright. Instead, they use a small percentage of the fund's assets to buy index-linked futures contracts on the London International Financial Futures Exchange and the Chicago Mercantile Exchange. The balance of the assets is invested in short-term money market instruments.

The lack of index futures for Frankfurt, Paris or Zurich is one reason the index idea may be slow to spread to these smaller markets. There is even a question of whether such an approach would make sense in smaller markets, since a handful of stocks often account for a big part of the capitalization of these exchanges.

In some cases, only a half-dozen stocks would be needed to construct a portfolio that would track the market reasonably well. An extreme example is Amsterdam, where three stocks — Royal Dutch/Shell Group, Philips and Unilever — account for about half the market's value. □



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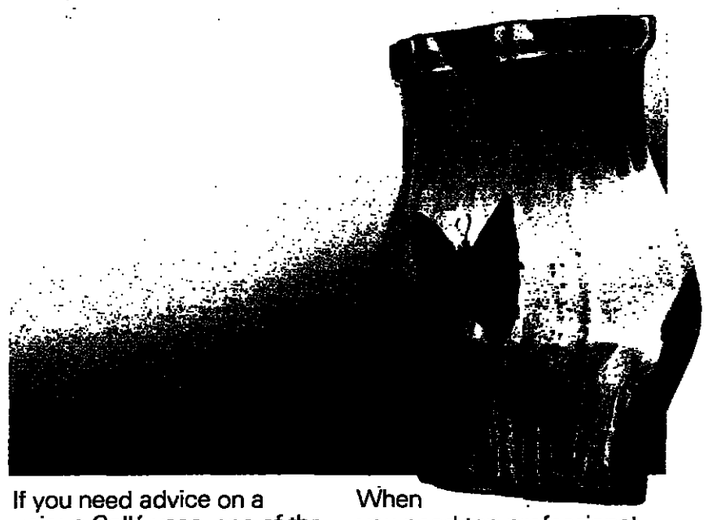

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COLLECTING

A World of Dragons and Phoenixes

Colorful textiles from China attract a big following

By Lynne Curry

London

AT first glance, it seemed hardly surprising in 1984 when an imperial robe believed to have been worn by China's Empress Dowager Ci Xi or one of her consorts fetched $26,400 at a New York auction. The historical appeal was obvious. Known for her extravagance and corruption, the Empress connived and plotted her way to power and played an instrumental role in the violent anti-foreign Boxer Rebellion of 1900.

But the hefty sum that this elaborately crafted robe commanded also demonstrated a keen interest in Chinese textiles — a fascination that has taken on greater proportion in recent years while attracting increasing numbers of collectors.

"The whole market for textiles is growing," says Clare Savitsky, a textile specialist at Phillips, the London-based auctioneers. "People have more knowledge about them and are more aware of textiles generally than they were five years ago."

The interest goes beyond historical significance. Collectors around the world are paying particular attention to the beauty and workmanship of these Chinese silk treasures.

Most have brilliant colors, intricate embroidery and display symbolic designs such as dragons, phoenixes, bats, fruit, flowers and birds. In the case of Empress Ci Xi's robe, nine gold phoenixes — the symbol of royalty and long life — were embroidered on the turquoise and lavender silk.

"People find them very decorative," acknowledges Jacqueline Simcox, a specialist at Spink & Son Ltd., a London-based dealer in Oriental, Middle Eastern and other art objects.

The growing popularity of Chinese textiles, of course, has been accompanied by higher prices. And the availability of pieces in good condition has dwindled.

Textile centers once were scattered all over China. Beijing, Guangzhou, the coastal areas around Shanghai and Xiamen, and Chengdu in the west ranked among the biggest producing regions. But since the Communists came to power in 1949, laws have been implemented forbidding the export of antiques.

Some works have been smuggled out of the country. A Chinese dealer in Hong Kong, who declined to be identified, said families often hid them in batches of ordinary textiles to send them abroad, particularly during the Cultural Revolution when possession of such valuable objects was the ground for being labeled a revisionist.

But most of the items available today were brought out by merchants, sailors, missionaries and soldiers who were stationed in China before 1949.

"Over the last five years, prices have risen very steeply for good things," says Connor Mahoney, director of the Chinese works of art department at Sotheby's. "If you spent £1,000 five years ago, you are looking at £3,000 to £4,000 today. But you've got to buy quality. Only quality will appreciate."

Although Chinese textiles come in many forms, robes, sleeve bands, wall hangings and throne covers are among the most popular. Those made with the kesi or "cut silk" technique are of particular interest. This intricate method of weaving silk tapestry, where colors are separated by vertical slits, and can add value to an item.

Mandarin squares, also known as rank badges, are favored by collectors as well. These are usually embroidered squares sewn onto the fronts and backs of the robes of officials to designate rank. Those with animals designs were worn by military officers. Civilian officials had squares displaying birds.

Prices of different kinds of textiles vary enormously, depending on the quality and condition. A robe can range from £100 to £15,000 ($150 to $22,500), while mandarin squares, which often are sold in pairs, are somewhat cheaper, costing from £40 to £500.

While the style of many of these items of traditional Chinese dress has existed for centuries, few actual samples made before the 18th century survive. Therefore serious students have generally concentrated on works from the 18th century.

"You've got to buy earlier ones from the 18th century," says Sotheby's Mr. Mahoney. "That's the market that is going to appreciate. Prices of more recent ones, even those that are 100 years old, are being undermined by ones made at the moment. The Chinese are making all types of textiles today and are copying earlier ones."

To the inexperienced eye, it is often difficult to distinguish between 18th and 19th century work, but experts say there are some notable differences. Miss Simcox of Spink & Son says textiles from the 18th century are more delicate, showing "more elegance and finesse." By contrast, 19th century textiles, she says, tend to be more stylized. Brighter rainbow colors and straight stripes are more characteristic. □

This kesi robe is plum-colored with gold characters representing long life. The egret in a landscape of rocks and peonies is from a small kesi panel worked in gold-wrapped silk. It dates from the 17th century.

Courtesy of Spink

STRATEGY

London: Taking the Long View

THE London Stock Exchange had cruised along reasonably well this year, rising nearly 13 percent since Jan. 1, until it ran into a wall of worry last week. Not even an OPEC production agreement, which might have been expected to buoy sterling and the market's mood, was much help.

Instead, sterling plummeted. Then a spate of rights issues and some weak corporate profit reports added to the anxiety. The cumulative effects of the government's political troubles, such as the Commonwealth flap over Prime Minister Margaret Thatcher's stand against penalizing Pretoria, contributed to the unease.

"The government appeared to be going from one banana skin to another," observes Leonard Kahr, manager of the Vanguard Special Situations unit trust, which has ties with Capel Cure Myers, the London brokerage. The combined result was the largest single-day slide ever in the FT Ordinary Index.

The fall was an understandable consolidation, says Mr. Kahr, who characterizes his view as "still broadly bullish." Despite the political unrest, he does not believe that elections will be held before 1988.

Sterling's weakness may limit the government's ability to lower interest rates, but it also could help British exporters. He is holding to the view that corporate profits will be up a healthy 15 percent this year.

Mr. Kahr's fund is putting a heavy emphasis on consumer-related shares. "We're keen buyers of the retail sector," he notes.

Among the more well-known names, he likes Burton, Marks & Spencer and the specialty retailer, Next. Among lesser-known shares, he finds Ratners, a jewelry chain, an attractive play. □

William McBride

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in July.

New York Stock Exchange:

Compiled by Media General Financial Services. Prices in dollars

GAINERS	Percent Gain	Price July 31	LOSERS	Percent Loss	Price July 31
Robert Shaw Controls	36	64.75	Floating Point Syst.	57	16.25
McNeil Corp.	35	38.75	Wackenhut Corp.	42	21.00
Colt Industries	32	92.50	Zenith Labs.	35	10.50
Hammermill Paper	30	55.00	Asarco	34	10.63
Midland-Ross Corp.	29	27.88	Pulte Home Corp.	33	13.25
Owens-Corning	28	61.50	Coopervision Inc.	32	16.38
Safeway Stores	21	65.25	Electrospace Syst.	31	18.00
Energen Corp.	20	20.25	Pandick	31	15.13
Kaiser Cement Corp.	20	16.63	Phelps Dodge	31	16.88
ICN Pharmceuticals	19	18.25	Texas Eastern Corp.	31	25.25

American Stock Exchange:

Servisco	95	31.75	Ultimate Corp.	37	17.63
Mott's Supermarkets	50	15.00	Spectrum Group	34	10.38
Tri-State Motor Transit	34	17.38	Tempo Enterprises	31	12.88
Gould Investors L.P.	23	41.75	Rockaway Corp.	30	16.75
Lee Pharmaceuticals	18	35.38	Espey Mfg. & Electronics	29	16.88

Over the Counter:

Converse	73	26.75	Data Card Corp.	46	13.75
Medchem Products	64	13.50	Nuvision	40	11.50
Viratek	43	95.00	Nuclear Support Services	39	17.25
Commonwealth Savings	31	17.50	J&J Snack Foods Corp.	38	11.25
Dynascan Corp.	28	12.00	Oracle Systems Corp.	36	15.50

London Stock Exchange:

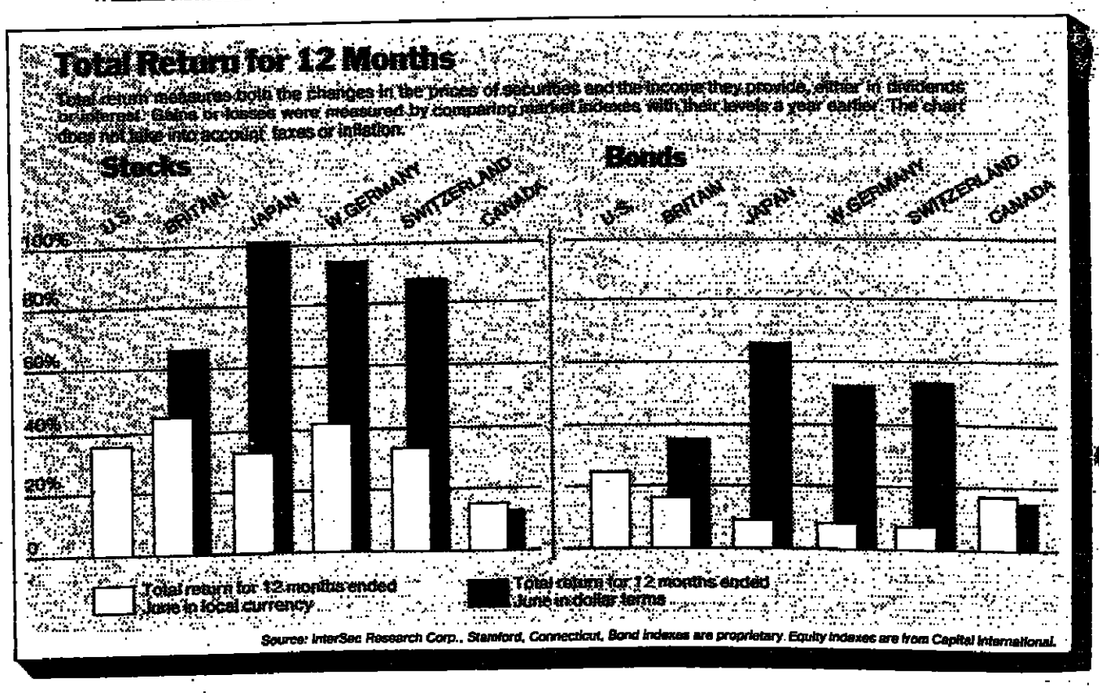
Compiled by Morgan Stanley Capital International. Prices in pence.

United Scientific	18	153	Britoil	35	106
Rentokil Group	11	144	Mercury Int'l	23	653
STC	10	162	BSR International	22	83
Sedgwick	9	366	Schroders	21	613
Bank Ireland (IR)	8	232	Lonrho	18	210
Davy Corp.	6	119	Lex Services	18	302
Babcock Int'l	6	182	Plessey	15	198
Allied Irish Bank (IR)	5	258	Whitbread	15	268
Granada	5	280	British Telecom	14	190
European Ferries Group	4	137	Kleinwort Benson	14	725

Tokyo Stock Exchange:

Compiled by Morgan Stanley Capital International. Prices in yen.

Tokyo Gas	69	840	Brother Industries	25	625
Osaka Gas	59	580	Shin-Etsu Chemical	24	890
Chubu Electric	53	3,780	Matsushita Comm.	23	2,360
Chugoku Electric	52	2,950	Nippon Gakki	23	1,650
Knsai Electric	46	3,740	Victor Co. Japan	23	2,250
Kandenko	41	4,930	Citizen Watch	23	503
Kyushu Electric	41	2,800	Hitachi Maxell	22	2,040
Tokyo Electric	41	5,750	Murata Manufacturing	22	1,700
Tohoku Electric	40	2,810	Jeol	22	940
Secom	34	10,300	Mitsubishi Petro.	22	470



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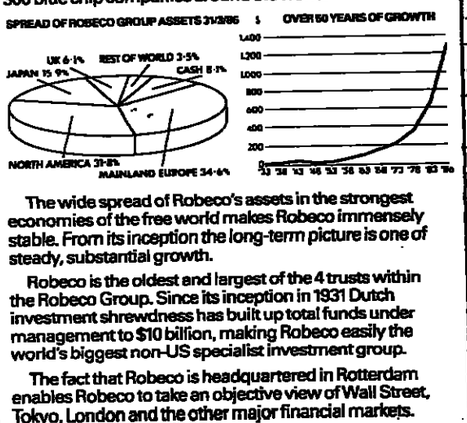

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Finland	F.M.	1,630	880	490
France	F.F.	1,400	760	420
Germany*	D.M.	560	300	170
Great Britain	£	120	65	36
Greece	Dr.	20,000	11,000	6,000
Netherlands	Fl.	634	340	190
Ireland	£Ir.	140	77	42
Italy	Lire	350,000	190,000	106,000
Luxembourg	LFr.	10,700	5,800	3,200
Norway*	N.Kr.	1,650	900	500
Portugal	Esc.	19,000	10,400	5,700
Spain*	Ptas.	26,900	14,600	8,000
Sweden*	S.Kr.	1,700	920	520
Switzerland	S.Fr.	490	270	148
Rest of Europe, North Africa, former French Africa, Middle East	$	400	200	120
Rest of Africa, Gulf States, Asia	$	550	300	165

Prospects Improve for Trade Talks

By Steven J. Dryden
International Herald Tribune

BRUSSELS — The defeat of a protectionist textile bill in the U.S. Congress and settlement of the EC-U.S. "pasta war" are expected to improve chances for community agreement on a declaration for a new round of global trade talks.

The adoption of a draft declaration for the new round, to be launched in September in Punta del Este, Uruguay, was blocked last month in Geneva by the community when France, with backing from Denmark, Spain and Ireland, refused to go along with a compromise text.

France said it opposed attempts to include subsidies on farm exports in the draft, because it would threaten the EC's Common Agricultural Policy, which subjects food imports to a variable levy.

Community officials will begin consultations later this month to find a common EC position on the agriculture question.

EC sources said France's cooperative spirit in the coming weeks would be strengthened by the defeat in the U.S. Congress last week of a bill to limit textile and clothing imports sharply, and the apparent settlement Sunday of the pasta war. In that dispute, the United States had raised tariffs on EC pasta exports in retaliation for preferential EC tariffs on citrus imports from Mediterranean countries.

If the talks had broken down and the United States had further retaliated against the community, and more specifically, French products, the French trade minister, Michel Noir, would have been "very tough" in Punta del Este, a community source said.

The French position will also be affected by the position of countries like Brazil on the question of allowing services to be included in the draft, another French concern, the source said.

However, even if they decide to compromise, the French position will not be known until the last minute in Punta del Este, the source said.

"The French like to be the stars," he said, recalling similar behavior by France at the beginning of previous trade negotiations.

EC Unhappy With Pact By U.S., Japan on Chips

American satisfaction with a recent pact with Japan on semiconductor trade is not shared by the EC.

The European Commission said the agreement's provision for a monitoring system on exports of semiconductors to third countries, including those in the EC, will result in an unacceptable situation where "Japan and the United States determine prices to be paid by European users on the basis of a bilateral understanding."

The community imports about two-thirds of its consumption of semiconductors.

The commission said it would monitor the evolution of export prices to the community, and on that basis decide whether it might go to the General Agreement on Tariffs and Trade to protect community interests.

Farm Costs May Reduce Aid to Small Businesses

The community's oversized agriculture budget is ready to claim another victim, a new European Commission plan to assist small and medium-sized businesses.

Abel Matutes, the EC commissioner in charge of the program, said at a press conference that limitations on the community budget over the next few years will mean that his plans to spend 30 million European currency units ($29.48 million) on the program will probably have to be scaled back.

Chiefly because of farm costs, the community this year has reached the limits on the revenue it is allowed to raise, forcing reductions in spending on other programs such as social and regional aid.

The aims of Mr. Matutes's program include setting up centers for small businessmen throughout the EC to provide information on market opportunities and aid available from the community and national governments.

Mr. Matutes also called on the member states to approve a commission plan to borrow 1.5 billion ECU for loans to small enterprises. Some states believe the loans should be channeled through the EC's European Investment Bank and are holding up the plan, he said.

Decision Next Month On Japanese Copiers

The long-awaited announcement by the commission on whether it will impose anti-dumping penalties on Japanese photocopier imports is not expected before September, commission sources said.

The commission was reported in June to have decided to impose the penalties, which EC officials said would affect photocopier imports worth about $1 billion annually. It is one of the largest anti-dumping cases considered by the commission.

Meanwhile, the commission last week imposed provisional anti-dumping duties on imports of Japanese roller bearings.

The penalties followed complaints last year by European producers that prices set by Japanese companies violated their earlier commitments to the EC on pricing.

The duties range from 1.1 percent to almost 18 percent.

Deflation Is Chief Threat, UN Reports

The Associated Press

GENEVA — A United Nations report prepared for release Monday urged Western industrialized countries to stimulate their economies to reverse deflationary forces, which it called "the single most pervasive threat to world prosperity."

The world economy slowed from growth of more than 4 percent in 1984 to less than 3 percent in 1985, with the economies of developing countries growing at 2 percent, according to the report by the UN Conference on Trade and Development.

"The mixture of demand weakness and financial tightness has become a menace to stability," said the conference's secretary-general, Kenneth Dadzie, in an introduction to the report. "It is sapping the vitality of the world economy and eroding the fabric of international trade and finance."

Mr. Dadzie asserted that it was "above all the developing countries which have borne the brunt of deflationary policies." He cited the collapse of oil and tin prices as examples of the consequences of deflation.

The report said the decline of the dollar, the drop in oil prices and the prospective cuts in the U.S. budget might alter the performance of some economies, but "is unlikely to raise the momentum of growth in the world economy." It predicted that world economic growth for 1986 would remain unchanged at about 3 percent.

It called on the United States to "loosen monetary policy," and for Western Europe and Japan to provide a "greater fiscal and monetary stimulus."

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

Mutual Funds

Figures as of close of trading Friday

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL—No initial sales load. f—Previous day's quote. r—Redemption charge may apply. x—Ex dividend.

Last Week's AMEX

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Wickes	79576	5⅞	5	5⅝	+¼
DomeP	33180	1¼	⅞	1⅛	+¼
WangB	15384	14	13	13⅝	—⅛
EchoB s	12645	20¼	17	19⅛	+2⅜
BAT	10920	5⅝	5⅜	5⅝	—⅛
Spelng n	9935	14¼	14	14	
HmeG n	9923	23¾	21⅞	22	—⅞
A xon pr	8816	54¾	51⅜	53⅞	+2⅜
TexAir	7907	30¼	27½	27⅞	—3½
InfTbr	7424	3⅛	1½	3	+1¼
IntBknt	6897	6⅛	5¼	6	+⅛
ImpOil g	5922	37¼	35⅝	37	+2¼
LorTel n	5844	24	22½	23⅞	+⅝
TIE	5644	4⅛	3⅝	4	+⅛
Ultmte	5426	16¼	13¾	14⅛	—1⅜
AM Intl	5358	6½	5⅝	6¼	—⅛
PhILD	5044	8¾	6⅜	8⅝	+1⅛
AmRoyl	4861	5⅝	4¾	5⅛	—⅜
Alza s	4812	23¼	19¾	21⅞	+1⅜
HrnHar	4616	13⅞	13⅛	13⅝	—⅛
Asmr g	4527	6¼	5⅜	6¼	+⅝
TotlPt g	4495	16⅛	14⅝	16⅛	+1¼
OzarkH	4457	18⅛	18	18⅛	+⅛
PallCp s	4442	36⅛	32⅞	36½	+¾
HouOT	4414	3¼	2⅞	3⅛	+⅛

AMEX Sales

	Sales Vol.
Total for week	53,040,000
Week ago	57,860,000
Year ago	34,300,000
Jan 1 to date	1,935,860,000
1985 to date	1,251,130,000
AMERICAN BONDS a	
Total for week	15,300,000
Year ago	10,590,000

AMEX Diaries

	This Wk	Last Wk
Advanced	375	262
Declined	402	524
Unchanged	138	135
Total Issues	915	921
New Highs	25	26
New Lows	68	82

Last Week's NYSE

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
OwenC	111771	77¼	63¼	76⅝	+11⅞
Mobil	97755	33⅝	30⅝	32½	+2⅛
Exxon	78204	64⅝	60	63⅝	+3⅜
USX Cp	69254	17⅜	14½	16⅞	+1½
IBM	63901	131⅞	129⅝	130	—¼
AT&T	63050	24¼	23½	23⅞	+¼
AtlRich	62679	52⅝	45⅝	52⅛	+6½
OcciPet	62631	26⅝	22⅜	25½	+2½
Chevrn	59893	40⅜	35⅝	39⅞	+3⅜
Houlnd	57783	34⅝	33⅝	34⅛	+¼
Safewy	57297	65½	65	65⅜	+½
Schlmb	53874	31⅛	27¼	29⅝	+1½
CmwE	53223	32⅝	28⅝	32⅛	+1⅛
BethStl	50334	8½	6⅝	8¼	+1¼
Zayre s	49975	31⅛	24⅝	28	—4
Texaco	46516	31⅜	28⅜	30⅞	+1⅜
FordM s	43897	56⅜	53	54⅞	+1⅛
AEIPw	43845	29⅝	28	29⅜	—⅛
Tenneco	40614	39⅝	36	37⅛	+¾
Goodyr	39564	31⅝	30¼	31¼	+⅜
vlLTV	39534	2⅜	2	2⅛	—⅛
Unocal	38236	19½	15¼	19⅛	+3½
PhilPet	37789	10	8⅞	9¾	+1⅛
GMot	37313	71⅞	67⅞	70¼	+3⅛
ITT Cp	36964	53¼	49⅝	52⅝	+1⅜

NYSE Sales

	Sales Vol.
Total for week	639,330,000
Week ago	617,950,000
Year ago	468,258,000
Two years ago	754,460,000
Jan 1 to date	21,346,498,343
1985 to date	16,610,750,000
1984 to date	14,445,610,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1063	586
Declined	884	1410
Unchanged	208	183
Total Issues	2155	2179
New Highs	94	98
New Lows	146	199

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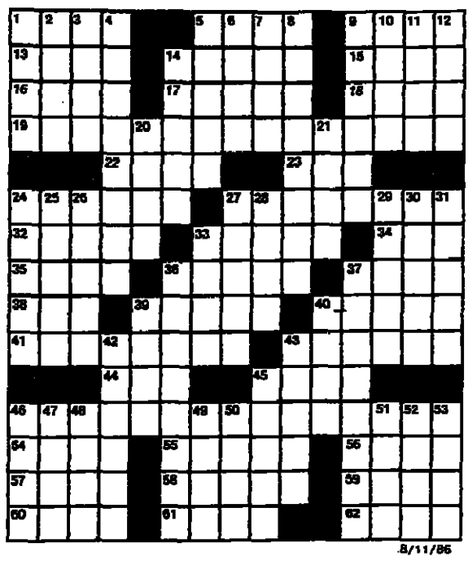
Conquest VHP
Very High Precision
Conquest VHP (for Very High Precision) is probably the world's most advanced wrist watch. Its temperature-compensated quartz movement can vary by no more than about one minute in five years, making it five to ten times more accurate than conventional quartz watches.

SPORTS



8/11/86

ACROSS
1 Tooth
5 Sounds from angry fans
9 Adriatric wind
13 Athletic arena
14 Lighter
15 French-Belgian river
16 City on the Truckee
17 City in Fla.
18 Tarry
19 Retreat
22 Garden in Genesis
23 She, in the objective case
24 Participant
27 Decelerate
32 Harness parts
33 Memorize
34 What swains pitch
35 Not fresh
36 Le ——, French port
37 Grime
38 Sault —— Marie
39 Doled
40 What fools don't make
41 Intruded
43 Presented
44 Yoko
45 —— Muller, Whittier girl
46 Boast
54 Hindu queen
55 —— France
56 Port in Pa.
57 Pub orders
58 Located
59 —— breve
60 French painter: 19th century
61 Kind of carrier or car
62 Active one

DOWN
1 Shallow place in a river
2 State
3 Zola novel
4 Looked threateningly
5 Breakfast item
6 Algerian port
7 Eye amorously
8 Vacation area
9 Slogan
10 Glacial ridges
11 Check
12 Bachelor of ——
14 Goof
20 August 13, e.g.
21 Given a rough surface
24 Silence
25 —— do with (concerns)
26 Asian chieftain
27 Las Vegas "natural"
28 Fat
29 Due
30 Better's opposite
31 Famous
33 Part of a scale
36 Pursuit of pleasure
37 Passenger with a free ticket
39 Less, musically
40 Dumbfound
42 Not at all
43 Cut wood
45 Example
46 Finishing nail
47 "Namouna" composer
48 Lulu
49 Lamb
50 Bristle: Comb. form
51 Base of a column
52 Nettle
53 Miserly

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DENNIS THE MENACE

JUMBLE. THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

FLECT

UGIED

KONYED

LANFEX

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: AN ____

(Answers tomorrow)

Friday's Jumbles: MOUND GUMBO MUTTON BYGONE
Answer: What somebody who tries to please everybody is apt to remain—A NOBODY

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	25	77	19	66	fr
Amsterdam	24	75	12	54	fr
Athens	36	97	23	73	fr
Barcelona	31	88	21	70	fr
Belgrade	32	90	18	64	fr
Berlin	26	79	14	57	fr
Brussels	25	77	10	50	cl
Bucharest	34	93	16	61	fr
Budapest	30	86	17	63	fr
Copenhagen	23	68	11	52	cl
Costa Del'Sol	35	95	22	72	cl
Dublin	19	66	11	52	cl
Edinburgh	17	63	8	46	cl
Florence	34	93	19	66	fr
Frankfurt	27	81	15	59	s
Geneva	21	70	16	61	sh
Helsinki	21	70	12	54	cl
Istanbul	34	93	22	72	fr
Las Palmas	22	72	20	68	s
Lisbon	25	77	17	63	cl
London	23	73	14	57	s
Madrid	33	86	16	61	cl
Milan	30	86	21	70	cl
Moscow	26	79	17	63	cl
Munich	29	84	16	61	fr
Nice	29	84	22	72	cl
Oslo	24	75	12	54	cl
Paris	14	57	14	57	s
Prague	29	84	12	54	fr
Reykjavik	—	—	—	—	no
Rome	31	88	19	66	fr
Stockholm	22	72	13	55	fr
Strasbourg	24	79	13	55	sh
Venice	31	88	20	68	fr
Vienna	29	84	17	63	fr
Warsaw	27	81	13	55	fr
Zurich	25	79	15	59	cl

MIDDLE EAST					
Ankara	32	90	18	64	fr
Beirut	30	86	24	75	fr
Damascus	—	—	—	—	no
Jerusalem	28	82	18	64	fr
Tel Aviv	31	88	21	70	fr

OCEANIA					
Auckland	15	59	8	46	fr
Sydney	14	57	8	46	cl

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	31	88	23	73	r
Beijing	30	86	18	64	fr
Hong Kong	29	83	25	77	sh
Manila	34	93	27	81	s
New Delhi	37	99	28	82	s
Seoul	30	86	22	72	s
Shanghai	33	91	27	81	s
Singapore	33	91	26	79	s
Taipei	33	99	29	84	s
Tokyo	33	90	25	77	fr

AFRICA					
Algiers	39	102	24	75	fr
Cairo	35	95	22	72	fr
Cape Town	16	61	10	50	sh
Casablanca	24	75	21	70	s
Harare	25	77	10	50	fr
Lagos	28	82	23	73	fr
Nairobi	28	82	10	50	fr
Tunis	37	99	21	70	fr

LATIN AMERICA					
Buenos Aires	—	—	—	—	no
Caracas	28	82	20	68	cl
Lima	—	—	—	—	no
Mexico City	25	77	11	52	pc
Rio de Janeiro	—	—	—	—	no

NORTH AMERICA					
Anchorage	16	61	11	52	cl
Atlanta	32	90	20	68	t
Boston	30	86	20	68	t
Chicago	28	79	20	68	t
Denver	27	81	12	54	t
Detroit	26	79	17	63	t
Honolulu	32	90	25	77	t
Houston	34	93	24	75	t
Los Angeles	31	88	17	63	t
Miami	33	99	26	79	t
Minneapolis	23	73	18	64	t
Montreal	21	70	17	63	r
Nassau	33	91	29	84	t
New York	30	86	21	70	t
San Francisco	19	66	13	55	pc
Seattle	27	81	15	59	fr
Toronto	26	79	16	61	pc
Washington	32	90	21	70	t

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

MONDAY'S FORECAST—CHANNEL: Smooth. FRANKFURT: Cloudy. Temp. 28—14 (82—57). LONDON: Fair. Temp. 23—15 (73—59). MADRID: Overcast. Temp. 32—17 (90—63). NEW YORK: Partly cloudy. Temp. 29—22 (84—72). PARIS: Cloudy. Temp. 24—13 (75—55). ROME: Cloudy. Temp. 30—20 (86—68). TEL AVIV: NA. ZURICH: Stormy. Temp. 27—17 (81—63). BANGKOK: Rainy. Temp. 31—24 (88—75). HONG KONG: Stormy. Temp. 28—27 (96—81). MANILA: Stormy. Temp. 34—24 (93—75). SEOUL: Rainy. Temp. 30—27 (86—75). SINGAPORE: Fair. Temp. 32—27 (90—81). TOKYO: Foggy. Temp. 33—25 (90—77).

SPORTS BRIEFS

Piquet Is Winner of Hungarian Grand Prix

MOGYOROD, Hungary (UPI) — Nelson Piquet of Brazil won his second successive grand prix event here Sunday by driving his Williams to victory in the first-ever Hungarian Formula One race.

Piquet led compatriot Aryton Senna, driving a Lotus, when the race was ended after the two-hour time limit was reached; 75½ of the scheduled 77 laps over the new 4.014-kilometer (2.49-mile) Hungaroring track were completed.

Piquet went on to complete 76 laps in 2 hours, 00 minutes, 34.50 seconds, 17.67 seconds ahead of Senna. The victory was the fourth consecutive one for the Williams team, following Mansell's back-to-back triumphs at the French and British events and Piquet's at the West German Grand Prix.

Australia Beats N. Zealand in Rugby, 13-12

WELLINGTON, New Zealand (AFP) — Australia, bidding for the unofficial world title in rugby, beat New Zealand here Saturday, 13-12, in the first of a three-match test series. The Wallabies built a 9-0 first-half lead, and then held off a desperate late rally by the All Blacks.

Australian fullback David Campese scored a try, flyhalf Michael Lynagh converting and also kicking a penalty goal. In the second half, two penalties by New Zealand fullback Greg Cooper were answered by a try for Australian right wing Matt Burke. New Zealand flanker Mark Brooke-Cowden scored a try, converted by Cooper.

With South Africa boycotted and France humbled by losses in June to Argentina, Australia and New Zealand, the Wallabies and the All Blacks are the acknowledged world leaders. The second test is due next Saturday.

2 Italian Clubs Relegated for Match-Fixing

FLORENCE (Reuters) — Two Italian soccer clubs were relegated Saturday to the bottom half of the third division and 11 players were disqualified for up to five years for fixing match results last season.

An Italian football association inquiry into a third-division betting ring followed a two-week hearing in Milan over similar allegations against 30 first- and second-division teams.

Foggia and Cavese were demoted to the lower half of the division; Cavese, held responsible for fixing five matches, will start next season with a five-point handicap.

Becker Rallies to Nip McEnroe in Semifinal

STRATTON MOUNTAIN, Vermont (UPI) — Boris Becker saved four match points in a third-set tie breaker to defeat John McEnroe, 3-6, 7-5, 7-6 (10-8), Saturday and gain a berth in Sunday's final of a men's tennis tournament here. Becker, seeded second, will play top-seeded Ivan Lendl, who defeated Jimmy Connors, 6-4, 3-6, 6-2.

Becker trailed in the tie breaker by 6-3, but drew even when McEnroe double-faulted and volleyed long before Becker served an ace. Trailing at 8-9, McEnroe came to the net behind a serve, but Becker hit a backhand down the line that McEnroe could only volley into the bottom of the net.

VANTAGE POINT/By Steven Crist

A Saratoga Summer of Discontent

New York Times Service

SARATOGA SPRINGS, New York — The horseplayers who have been howling for the heads of the three Saratoga stewards since those judges disqualified the wrong horse in a race on Aug. 2 finally got their wish Thursday, or at least a third of it. Salvatore J. Ferrara, the chief steward, has been "reassigned" to Finger Lakes Race Track in Canandaigua, New York.

There was no joy in this announcement, nor any justice.

Ferrara and two colleagues in the stewards' stand disqualified Allumeuse for a foul clearly committed by another horse. It was not even a close call. Allumeuse was five yards away from the incident. It is difficult, though not impossible, to see how the stewards blundered so badly. What horseplayer has not watched a race, once in his life, rooting for the wrong horse all the way around the track?

For their error, the stewards should have been ordered to get their eyes examined, docked at least a day's pay, and been put under extraordinary scrutiny. To decide that Ferrara suddenly is no longer competent to judge the races at Saratoga, Belmont and Aqueduct is not only illogical but also incredibly insulting to the fans and horsemen at Finger Lakes. Is the racing board, which has jurisdiction over all the state's tracks, saying that Finger Lakes can get by with a chief steward who cannot be trusted at tonier tracks?

The harsh, humiliating punishment exceeds the crime. More important, it fails to address the greatest wrongdoing in the whole matter.

Once the stewards made their mistake and certified it by declaring the race official, their decision was irrevocable as far as the bettors were concerned. New York racing rules state flatly that once the official sign is posted, the payoffs cannot be altered. It would have been illegal for the track to honor winning tickets on Allumeuse, and it also would have set an impossible precedent for the sport. Every time a winner was disqualified for a positive postrace drug test a day or two after the payoffs had been posted, and every time a racing commission reversed a stewards' ruling, bettors would line up for payoffs and have precedent on their side. Tracks cannot afford to pay out on two winners.

Given that the payoffs could not be changed and all that was left was for the stewards to admit their error, the onus for handling the situation, and communicating with the public, fell to track management. It not only dropped the ball, it also tried to hide it.

The stewards met throughout the afternoon Saturday with officials of the New York Racing Association, which operates Aqueduct, Belmont Park and Saratoga, figuring the percentages of how to disclose the error. Meanwhile, closed-circuit television replays of the race were suddenly blacked out; one steward later said, "We were afraid the people would riot."

Track management not only dropped the ball, it also tried to hide it.

Management decided to bring the stewards to the press box at 6:15 P.M., after the public was gone, and only then did the stewards admit their error. Using such phrases as "we blew it," "we blundered," and "it was inexcusable," they threw themselves on the mercy of the press, which is something like throwing yourself on a sword. Management let them roast while insisting that this was a stewards' problem, not the track's problem.

That was utterly wrong, because the only issue now was how to enlighten and appease the bettors, who had been done out of more than $500,000 in winning bets on the mistakenly disqualified horse. One might have expected track officials at least to tell the public that a mistake had been made. Instead, there has been resounding and inexcusable silence.

This sort of corporate public-relations policy is not just deceptive. It is just plain bad business. The New York Racing Association whines at every turn about declining business and wonders wide-eyed why New York racing is stagnating, at best. Customer relations has something to do with it. The way to woo patrons is not by telling the largest crowd of the season that it is too prone to violence to be shown a replay of a botched race, and too insignificant to deserve an explanation, much less an apology.

The people holding worthless tickets on Allumeuse cannot be fully compensated, but they could be appeased somewhat with the slightest gesture, anything from a free daily-double bet on the next day's races to a free clubhouse pass. Such courtesy and common sense, though, never seem to occur to the people who run the NYRA.

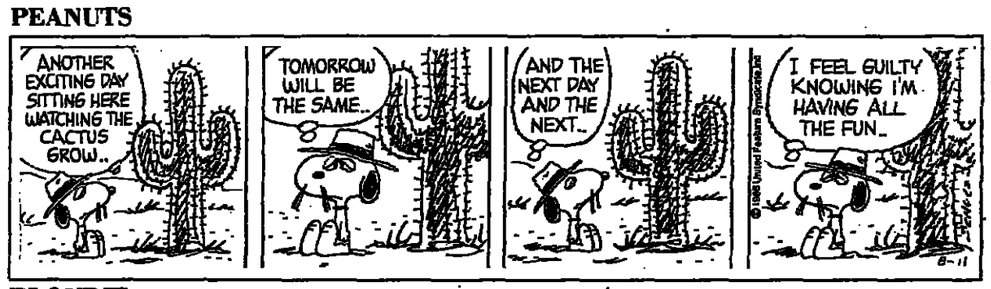
On Thursday, violent thunderstorms forced the last four races of the day to be canceled, and management swiftly announced there would be no rain checks. Gerard McKeon, president of the NYRA, likened it to a baseball game, where no rain checks are given if five of nine innings have been played. The analogy is bogus: The baseball game is official and over, whereas racing fans were rained out of four of nine separate events.

Moreover, the storm knocked out electrical power and shorted out some of the parimutuel equipment, so bettors could not even cash many of their winning tickets. The payoffs on the foreshortened pick-six were not even announced until Friday morning. So anyone who wanted to cash his winning tickets Friday had to pay a $2 admission fee.

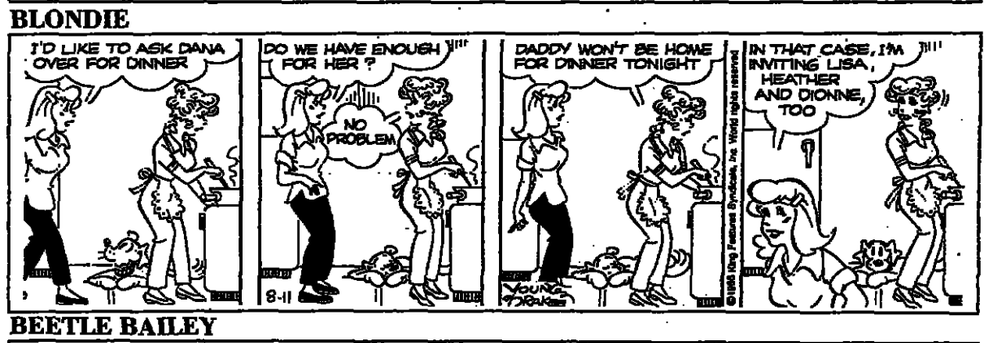
The small-mindedness of these NYRA decisions is overwhelming. If 20,000 rain checks had been issued Thursday and even half of them had been redeemed, it would have cut its admission take by all of $20,000. It would have cost the NYRA $20,000 less than that to acknowledge to the fans the error on last Saturday's disqualification. An apology would have been free as well.

Instead, the NYRA's motto seems to be that being in business means never having to say you're sorry. Its cheapness and frightened stonewalling is sadly at odds with a game that, at its best, rings with generosity, humor and something approaching class.

PEANUTS



BLONDIE



BEETLE BAILEY

ANDY CAPP

WIZARD of ID

REX MORGAN

GARFIELD

BOOKS

CADILLAC DESERT: The American West and Its Disappearing Water

By Marc Reisner. 582 pages. $22.95. Viking, 40 West 23d Street, New York, N. Y. 10010.

Reviewed by Grace Lichtenstein

IN the moist, green eastern United States, water is the stuff that runs from a faucet. West of the 100th meridian, on the parched prairies, in sight of the brown hills, or in the irrigated agribusiness farmlands, water is liquid gold. In California, it is the resource that makes life, liberty and Los Angeles possible.

Many historians of the West, beginning with Frederick Jackson Turner, did not make the issue of water central to their interpretations of the region. Last year's fine work, "Rivers of Empire," by Donald Worster, helped mightily to balance that omission.

Previous historians considered the Homestead Act, which distributed free land to settlers, the legislation that most influenced the West's growth. Worster argued in favor of the Reclamation Act of 1902, which allowed the building of most western dams. Dams have played a crucial role in the development of cities such as Los Angeles and Phoenix. But they also have been essential in turning deserts such as California's Imperial and Central valleys into the most profitable farmland in the world. Worster's revisionist thinking about the ultimate value of our "hydraulic society" now is brilliantly enhanced by Marc Reisner's investigative research in "Cadillac Desert."

"Cadillac Desert" is a highly partisan, wonderfully readable portrayal of the damming, diverting and dirtying of Western rivers. It begins by recounting the early adventures, some heroic, some outrageous, of those who explored those waterways. He shifts into high gear when he describes the destruction of the Owens Valley in California by Los Angeles water barons. This was the first major "victory" by a government agency in the war to "win" the West from nature by shipping water to a people determined to inhabit the desert. But it was an inexpensive skirmish compared with the multimillion dollar dam projects to follow, mostly under the Bureau of Reclamation, the federal agency designated to reclaim semi-arid land through irrigation and provide a living for small farmers and their families.

"In the East, to waste water is to consume it needlessly or excessively. In the West, to waste water is not to consume it" but "to let it flow unimpeded," Reisner writes.

The Bureau of Reclamation originally was an agency with noble intentions. Its epic dams and aqueducts were supposed to be not just useful, but cost effective. Spurred by the free spending of the New Deal, though, the engineers began to plug every canyon they could get their hands on. Westerners became dependent on its unrealistically priced water.

Despite rhetoric about preserving "family farms," the bureau for years had served the interests of fat cat corporate farmers such as Standard Oil and Tenneco. They are the ones who have benefited from incredibly cheap water from reservoirs and canals paid for by national taxpayers.

Reisner was a publicist for the National Resources Defense Council, making his living opposing the building of more dams and decrying the ones that already existed. Bearing his biases in mind, "Cadillac Desert" nevertheless constructs a convincing case against the excesses wrought over the last century by the dam builders and irrigators. The result was that Westerners overallocated the little water they had, then sucked up underground aquifers in order to grow thirsty crops such as cotton on land that never had good drainage. Some think the next Dust Bowl is almost upon us.

As Reisner illustrates, the bureau worked in collusion with every politician who ever represented an arid state, from such staunch "private enterprise" conservatives as Ronald Reagan to both old line and New Age liberals. The great irony is that right out in those wide open spaces where the myth of individualism lives on, Westerners have long accepted Bureau of Reclamation dams and their water, the most generous "socialistic" government handouts in history. Indeed, when Jimmy Carter tried to curtail such handouts by compiling a "hit-list" of questionable water projects, he was attacked by conservatives and liberals alike.

Although his chronology is jumbled at times, Reisner conveys his findings vividly, nailing his points home with striking metaphors and comparisons. The Grand Coulee Dam, for example, was so large "the three largest ocean liners in the world could have sat atop its crest like bathtub toys."

Underlying both "Rivers of Empire" and "Cadillac Desert" is a philosophical change in the American attitude toward natural resources: from the optimistic sense of abundance in the 19th century to the darker realism of limitations in the latter part of the 20th.

Future generations, he concludes, will suffer from the misguided attempts to make the desert hospitable. "Irrigation is a profoundly unnatural act," he declares. Well, so is building skyscrapers, or sending cameras to Mars. Aren't all these acts imbedded in our idea of progress, of civilization?

One can quarrel with the environmentalist attitudes implict in "Cadillac Desert," but not with the facts presented. Once, I thought water was the most important issue facing the West, and the most boring. "Cadillac Desert" makes it as clear as the cascading waterfalls in Yosemite that it is neither. The current drought in the southeastern United States makes the book timely and of national interest.

Grace Lichtenstein, a former Rocky Mountains bureau chief for The New York Times, lives in New York City. She wrote this review for The Washington Post.

Solution to Friday's Puzzle

P	A	R	D		A	S	F	A	R		A	C	T	H
A	T	E	E		D	I	A	N	A		S	H	O	O
L	E	A	V	E	E	M	L	A	U	G	H	I	N	G
M	A	D	O	X		I	S	T		R	O	L	E	
A	R	E	T	E		L	E	O	N	A	R	D		
			E	R	S	E		M	I	N	E	R	A	L
E	F	F	E	T	E		A	I	N	T		E	S	E
G	O	O	S		V	A	N	C	E		A	N	T	A
A	R	R		L	E	N	A		T	O	N	S	I	L
L	A	G	G	A	R	D		B	Y	R	D			
		O	R	D	E	R	E	R		A	R	G	U	S
	O	T	O	E		E	L	I		R	O	U	S	E
R	E	T	U	R	N	A	D	D	R	E	S	S	E	S
O	N	E	S		A	D	E	L	A		E	T	U	I
D	O	N	E		T	Y	R	E	S		S	O	P	S

8/9/86

BRIDGE

By Alan Truscott

MANY North-South players reached a borderline three no-trump contract on the diagramed deal and found themselves "excommunicated." In the auction shown, South chose to hide his diamond suit, leaving West a wide choice of opening leads.

A diamond lead would have allowed South to disentangle his communications and make 11 tricks by establishing hearts. But when in doubt against three no-trump, it is usually right to lead a major suit, and West's spade lead was lethal.

South held up his spade ace until the third round, but it did him no good. He led to the diamond ace and led a low heart, hoping that the jack would be an entry. But West produced the heart ace, and the diamonds in the closed hand withered on the vine.

Victimized by the excommunicating lead, South had to be content with seven tricks. He would have done one trick better if West had selected the club queen as an opening lead. That would have allowed South to win and unblock his diamonds, but the defense would have then ducked one round of heart to cut his communication in that direction.

NORTH
♠ J 8 2
♡ K Q 10 9 2
◇ A
♣ A 8 6 3

WEST
♠ Q 10 9
♡ A 8 7 3
◇ 10 8 6
♣ Q J 7

EAST
♠ K 7 6 3
♡ 5 4
◇ 9 7 5 4
♣ K 4 2

SOUTH (D)
♠ A 5 4
♡ J 6
◇ K Q J 3 2
♣ 10 9 2

North and South were vulnerable. The bidding:

South	West	North	East
Pass	Pass	1 ♡	Pass
2 N.T.	Pass	3 N.T	Pass
Pass	Pass		

West led the spade ten.

SPORTS

Norman Leads by 4; Tway Cards 64

Compiled by Our Staff From Dispatches

TOLEDO, Ohio — Greg Norman, who had raised his lead in the 68th annual PGA Championship to four strokes Friday, maintained that advantage through Saturday's third round as he sought to win his second major golf title in less than a month.

But a new threat moved in as Bob Tway, one of the year's outstanding golfers, shot an Inverness Club course-record seven-under-par 64 to move into second place.

Norman, aided by two holed-out chip shots, carded a 69 for a 202 total. And he accomplished something no other golfer within memory had done: He had held the lead going into the final round of each of the four major tournaments in one year. He did not win the Masters or the U.S. Open, but he did take last month's British Open for the first major championship of his career.

Tway, who broke Norman's 2-day-old course record, and Peter Jacobsen, who shot 70 for a 208 total, were the only players within six shots of the lead.

"I played a fairly solid round," Norman said, "although it wasn't as crisp as the first two" of 65 and 68. "I didn't want to let too many people get close."

The Australian chipped on the fourth hole for the first of his two birdies and made an incredible save of par with a chip-in on the 13th, but he said he had the feeling he was not going to make any putts.

"I felt I was stroking the ball well, but it just wouldn't go in," said Norman, 31, who made a 20-foot (6-meter) putt for birdie on the 16th. "I don't feel my putter let me down. I just figured today was not my day to make putts. Maybe tomorrow will be. I didn't want to make stupid mistakes by running putts four feet by the hole."

The crowning glory of Norman's round was the par on the 523-yard, par-5 13th hole.

His drive stopped at the edge of a bunker, giving him an off-balance second shot, a 6-iron that went under a tree. A left-handed wedge shot moved the ball "about six feet" and another wedge stopped short of the green, but a 60-foot chip went in — for "a routine five."

Norman marveled at Tway's 64 shot. "You people sitting here don't realize how great a score that was," he said. "This was a very tough golf course today, with the pin placements where they were."

Norman's closest rivals starting the round faded quickly. Payne Stewart, tied with Mike Hulbert for second place, four shots back, ran into trouble when his ball kicked right and bounced into the lake at the par-3 third hole. That happened a few minutes after Jacobsen, starting five shots behind, had hit into that lake.

Hulbert skied to a 74. Jack Nicklaus, who was five back, failed to get a birdie on the second hole, when a six-foot putt lipped out, and shot 72. Jim Thorpe, tied with Nicklaus, finished with a 73 after taking a double-bogey 6 on the fourth hole, where Norman, minutes later, chipped in.

Thorpe's approach over the deep valley fronting the green at the straight, 466-yard, par-4 hole hit about three feet onto the green but had too much backspin. The ball never stopped rolling backward until it was at the bottom of the valley, 60 yards from the pin. It took him four shots to get down from there.

In perhaps the strangest occurrence of the day, Ben Crenshaw injured himself after he hit a fine approach shot into the 18th hole.

He was so delighted that he threw up his hands, but in doing so he let go of the iron. The club flew upward, turned over and came down blade-first, striking him on the back of the head. With blood trickling down his neck, Crenshaw walked to the green and two-putted for a par 4 to finish a round of 72-217. He seemed more embarrassed than wounded, but later required three stitches.

Tway, the 27-year-old Oklahoma State University product who has won three PGA tournaments and more than $460,000 this year, had eight birdies, four on each side, and one bogey, when he three-putted on the ninth hole.

He carded 72 and 70 the first two days, but said that there was not much difference in any of his three rounds.

"I played better the first two days than I actually scored," he said. "I just didn't putt too well. Today, I probably played a little better, but the difference was I made some putts."

Among his eight birdies were putts of 25 feet on No. 7, 30 feet on No. 15 and 25 feet on No. 17.

"I only missed one green and a couple of fairways and gave myself a chance to make a lot of birdies," he said.

On Friday, Norman birdied three of the last four holes to shoot a 68 after a short, heavy rain disrupted his chance for a birdie at the 13th hole.

"I was mad when I bogeyed 11 and 14," he said of his first bogeys in the tournament. "I didn't want any bogeys this week. I'm dying for the day when I shoot 72 holes without a bogey. When I got those bogeys I just said to myself that let's have a good run to the barn."

So he sank an 18-foot putt for birdie at 15, a 20-footer at 17 and a 7-footer at 18.

Stewart and Hulbert finished at 137, with Nicklaus, Jacobsen and Thorpe at 138.

Stewart, who drove with his one-iron seven times, turned in a round of 67 with four birdies and no bogeys.

Nicklaus shot a 68 but, as was the case in his first round, when he bogeyed the 16th and 17th, could have done better if it had not been for his finish. The 46-year-old winner of this year's Masters bogeyed the 18th when he three-putted from the left fringe of the green.

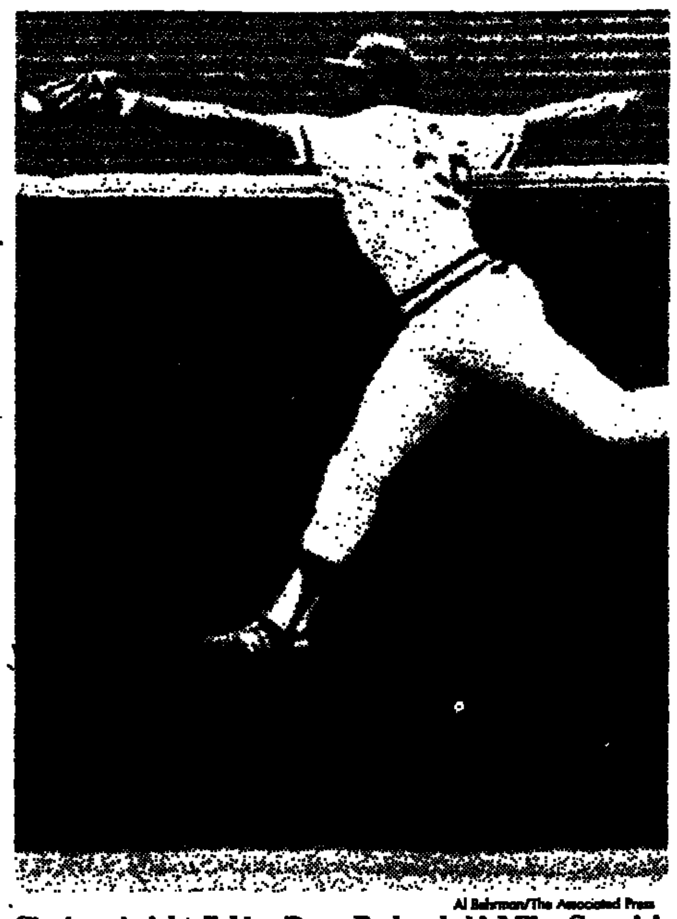
Hulbert, 28 and playing in his first PGA Championship and only his second major tournament, bogeyed the first and last holes Friday and, like Nicklaus, had five birdies in between for a 68.

Thorpe got off to a good start when he chipped into the cup at the second hole for a birdie on his way to a 67.

Among those who failed to make the cut at the halfway point were U.S. Open champion Raymond Floyd (147), former Masters champion Bernhard Langer (147) of West Germany and Seve Ballesteros (150) of Spain, who was playing in his last U.S. tournament this year and had made the cut in 10 consecutive majors, the longest streak going. *(NYT, UPI, Reuters)*

John Swart/The Associated Press

Bob Tway, after rolling in a 25-foot birdie putt on No. 17.



Al Behrman/The Associated Press

Cincinnati right fielder Dave Parker held Mike Scoscia's one-bounce shot to a double in Saturday's fourth inning. The Reds won, 6-2, their third straight decision over Los Angeles.

New Starter Homers In 9th, Yankees Win

Compiled by Our Staff From Dispatches

NEW YORK — Dan Pasqua, who started in the New York Yankee outfield for the fifth straight game, led off the bottom of the

SATURDAY BASEBALL

ninth inning Saturday with a home run that beat the Kansas City Royals, 3-2.

Lou Piniella, his manager, "told me early in the week to come ready to play," said Pasqua. "They are leaving me in against everyone. Knowing you're going to play for a while helps an awful lot."

Pasqua, whose left-handed swing goes well with the short right-field fence at Yankee Stadium, hit his 10th homer this year, to right-center, off an 0-1 pitch from Bud Black.

"It was an inside fastball," Pasqua said. "I wasn't sure if it was a strike, but I thought I could drive it."

Bret Saberhagen, the 1985 Cy Young Award winner and World Series star, left the game in the second inning because of shoulder stiffness, having thrown 37 pitches. He allowed a run in each inning and the team said he would be examined Monday in Kansas City.

Red Sox 8, Tigers 7: In Detroit, Dwight Evans drove in runs for Boston in his first three at-bats and teammate Calvin Schiraldi halted an eighth-inning rally to help Boston win its third straight. The winners' Wade Boggs, in his new spot as lead-off batter, had four hits, an RBI and scored three times.

Indians 8, Orioles 2: In Baltimore, Cory Snyder and Brett Butler hit bases-empty home runs and Joe Carter doubled in two runs as Cleveland handed the Orioles the fourth straight defeat.

Rangers 7, Blue Jays 6: In Arlington, Texas, Pete O'Brien led off the 10th with his second straight home run to give Texas its fourth victory in a row. O'Brien's two-run homer in the eighth had pulled the Rangers to within 6-4.

Twins 9, A's 2: In Oakland, California, Gary Gaetti drove in three runs with a double and a single and winner Frank Viola pitched seven innings of two-hit ball.

Brewers 1, White Sox 0: In Milwaukee, Ted Higuera pitched a six-hitter for his third shutout and 10th complete game of the year. Jim Gantner scored on José DeLeon's wild pitch in the third. Higuera has won all five of his starts since the All-Star game and has a 1.79 earned-run average in that span.

Angels 5, Mariners 0: In Anaheim, California, John Candelaria pitched a three-hitter and Doug DeCinces drove in three runs with two homers and a single.

Reds 6, Dodgers 2: In the National League, in Cincinnati, Buddy Bell's two-run home run off Fernando Valenzuela broke a fifth-inning tie and the Reds went on to win their third straight from Los Angeles.

Pirates 8, Cardinals 5: In St. Louis, Johnny Ray got three hits, one his second career homer batting right-handed, and drove in three runs to help down the Cardinals.

Giants 4, Braves 3: In Atlanta, Candy Maldonado's leadoff home run in the 10th, followed by Will Clark's squeeze bunt, helped San Francisco end the Braves' five-game winning streak.

Astros 6, Padres 2: In Houston, Denny Walling hit a three-run homer and a run-scoring double while Jim Deshaies and Charlie Kerfeld held San Diego to three hits.

Mets 10, Expos 8: In Montreal, Gary Carter singled in two runs in the ninth and New York, after scoring seven runs in the eighth, ended a five-game Expo winning streak.

Phillies 4, Cubs 2: In Chicago, Juan Samuel went 3-for-5 with two RBIs to help Philadelphia end a five-game losing streak. *(UPI, AP)*

Cruz, Scott Keep Astros Aloft

Compiled by Our Staff From Dispatches

HOUSTON — José Cruz reached a milestone in runs batted in, while another dominating performance by All-Star Game pitcher Mike Scott helped the Houston Astros increase their West Division lead in the National League.

FRIDAY BASEBALL

Cruz collected his 1,000th and 1,001st RBIs in the major leagues Friday night with a sixth-inning single and Scott pitched a six-hitter to beat the San Diego Padres, 5-0.

Scott struck out eight, increasing his major league-leading total to 216, in his fourth complete game of the season.

Reds 4, Dodgers 0; Reds 5, Dodgers 1: In Cincinnati, Kal Daniels went 3-for-4 with two bases-empty home runs to help the Reds complete a doubleheader sweep. Buddy Bell's fourth-inning homer broke a scoreless tie in the opener.

Braves 7, Giants 6: In Atlanta, Dale Murphy hit a two-run homer and an RBI double in a five-run second against San Francisco.

Expos 5, Mets 3: In Montreal, Tim Raines singled in two runs and New York's Bob Ojeda (12-3) lost for the first time in seven games.

Cardinals 3, Pirates 1: In St. Louis, Danny Cox held Pittsburgh to three hits through eight innings and Terry Pendleton went 4-for-4.

Cubs 2, Phillies 1: In Chicago, Jody Davis's two-out single in the sixth capped a two-run rally and reliever Lee Smith became the Cubs' all-time save leader with his 134th, surpassing Bruce Sutter.

Red Sox 6, Tigers 1: In the American League, in Detroit, Tom Seaver pitched a five-hitter and Marty Barrett's RBI single — the only hit of an inning that saw an error, four walks, a passed ball and a sacrifice fly — capped a four-run second for Boston.

Indians 3, Orioles 0: In Baltimore, Julio Franco hit a two-run home run while Tom Candiotti held the Orioles to five hits through 8⅓ innings.

Yankees 2, Royals 0: In New York, Tommy John, pitching his first game since June, when he went on the disabled list, held Kansas City to five hits over 7⅔ innings.

Rangers 9, Blue Jays 7: In Arlington, Texas, Scott Fletcher's two-run single during a three-run eighth beat Toronto.

White Sox 12, Brewers 6: In Milwaukee, Daryl Boston drove in four runs for Chicago and hit his first homer this season.

A's 5, Twins 2: In Oakland, California, José Canseco's two-run homer and Dave Kingman's bases-empty shot boosted the A's.

Angels 6, Mariners 4: In Anaheim, California, Dick Schofield's three-run home run carried Vern Ruhle to his first victory in more than a year. *(UPI, AP)*

SCOREBOARD

Golf

PGA Championship

Scores through Saturday's third round of the 68th PGA Championship tournament, being played on the 6,982-yard, par-71 Inverness Club course in Toledo, Ohio:

Greg Norman	65-68-69—202
Bob Tway	72-70-64—206
Peter Jacobsen	68-70-70—208
Payne Stewart	70-67-72—209
Donnie Hammond	70-71-68—209
Jack Nicklaus	70-68-72—210
Bruce Lietzke	69-71-70—210
Jim Thorpe	71-67-73—211
David Frost	70-73-68—211
Mike Hulbert	69-68-74—211
D.A. Weibring	71-72-68—211
Wayne Levi	68-73-71—212
Tony Sills	71-72-69—212
Gene Sauers	69-73-70—212
Doug Tewell	73-71-68—212
Mark Lye	72-71-70—213
Tom Watson	72-69-72—213
Corey Pavin	71-72-70—213
Ronnie Black	68-71-74—213
Bobby Wadkins	69-74-70—213
Mark McCumber	71-74-68—213
Ken Green	71-72-71—214
Mike Reid	71-73-70—214
Mark Wiebe	75-67-72—214
Hal Sutton	73-71-70—214
Don Pooley	71-74-69—214
Lee Trevino	71-74-69—214
Fred Couples	69-73-72—214
Calvin Peete	72-73-69—214
Craig Stadler	67-74-73—214
Lonnie Nielsen	73-69-72—214
Davis Love III	70-72-72—214
Chip Beck	71-73-71—215
Wayne Grady	68-76-71—215
David Graham	75-69-71—215
Scott Simpson	70-70-75—215
Tommy Nakajima	71-73-71—215
Dan Pohl	71-71-74—216
Tom Kite	72-73-71—216
Isao Aoki	73-69-74—216
Andy Bean	74-70-72—216
Steve Pate	76-69-71—216
Mike Donald	74-69-73—216
Brent Upper	73-71-72—216
Johnny Miller	72-71-73—216
Clarence Rose	73-71-72—216
Buddy Gardner	72-73-71—216
Lanny Wadkins	71-75-70—216
Dave Barr	71-73-73—217
Scott Hoch	72-70-75—217
Bob Gilder	69-75-73—217
Jeff Sluman	70-71-76—217
Ian Woosnam	72-70-75—217
Ben Crenshaw	72-73-72—217
David Edwards	72-69-76—217
Roger Maltbie	73-70-74—217
John Cook	71-72-75—218
Ken Brown	73-73-72—218
Jodie Mudd	72-73-73—218
James Blair	72-74-72—218
Lennie Clements	71-75-72—218
Gary Koch	68-77-74—219
Hale Irwin	76-70-73—219
Hubert Green	75-70-74—219
Phil Blackmar	67-73-79—219
Dave Stockton	70-75-74—219
Mike Sullivan	72-73-74—219
Joey Sindelar	74-72-73—219
Jay Haas	69-77-74—220
Larry Mize	69-76-75—220
Bob Murphy	73-73-75—220
J.C. Snead	70-76-75—221
Denis Watson	71-74-77—222

DID NOT QUALIFY

Andy North	73-75—147
Ray Floyd	76-71—147
Bernhard Langer	73-74—147
Kevin Morris	74-73—147
Pat Fitzsimons	73-74—147
Mark McNulty	75-72—147
Mark O'Meara	73-74—147
Jim Colbert	74-73—147
Nick Faldo	76-71—147
Barry Jaeckel	73-74—147
Larry Rinker	78-69—147
Andrew Magee	74-73—147
Mark Hayes	73-74—147
Dan Halldorson	75-73—148
Mac O'Grady	72-76—148
Mike Schlueter	74-74—148
Bob Ackerman	74-72—148
Masay Kuramoto	73-75—148
Howard Twitty	72-76—148
Roy Freeman	75-73—148
Tom Purtzer	73-75—148
Larry Nelson	74-74—148
Fuzzy Zoeller	73-75—148
Peter Oakley	72-77—149
John Mahaffey	71-78—149
Curtis Strange	74-75—149
Gil Morgan	77-72—149
Manuel Pinero	74-75—149
Brad Faxon	77-72—149
T.M. Chen	75-74—149
George Burns	73-76—149
Larry Gilbert	73-76—149
David Duschane	75-74—149
Scott Bess	74-75—149
Howard Clark	72-77—149
Tim Simpson	73-77—150
Pat McGowan	74-76—150
Lynn Janson	74-76—150
Seve Ballesteros	74-76—150
Bob Lohr	74-76—150
Gary Hardin	77-73—150
Jim White	75-75—150
Larry Webb	76-74—150
Kenny Knox	74-76—150
Paul Azinger	72-79—151
Ken Allard	75-76—151
Bill Schumaker	74-77—151
Rick Vershure	75-76—151
Wheeler Stewart	76-76—152
Bill Glasson	79-73—152
Leonard Thompson	79-73—152
Ossie Moore	76-76—152
Arnold Palmer	75-77—152
Danny Edwards	72-80—152
Ed Dougherty	74-78—152
Jay Overton	73-80—152
Nick Price	75-78—153
Jose-Maria Canizares	72-81—153
Steve Verlato	72-81—153
Jeff Foxx	78-75—153
Robert Hoyt	77-77—154
Willie Wood	76-78—154
Charlie Epps	77-78—155
Dan Forsman	79-76—155
Rives McBee	77-78—155
Paul Wise	84-72—156
Roy Vucinich	76-80—156
Mike SanFilippo	71-85—156
Dwight Nevil	79-77—156
Gary Robinson	83-75—158
Rick Acton	80-78—158
Larry Babica	79-82—161
Gary Ostrega	77-84—161
Bob Leaver	79-82—161
Gregg Jones	79-83—162
Ron Wells	84-79—163
Paul Way	82-84—166

Football

CFL Standings

Eastern Division

	W	L	T	PF	PA	Pts
Toronto	4	3	0	160	163	8
Montreal	2	4	0	126	111	4
Ottawa	2	4	0	134	155	4
Hamilton	1	5	0	122	147	2

Western Division

	W	L	T	PF	PA	Pts
Brit Clmb	5	1	0	145	128	10
Edmonton	4	2	0	168	143	8
Winnipeg	4	2	0	181	116	6
Saskatchwn	3	3	0	118	156	6
Calgary	3	4	0	158	153	6

Friday's Result

Calgary 31, Toronto 26

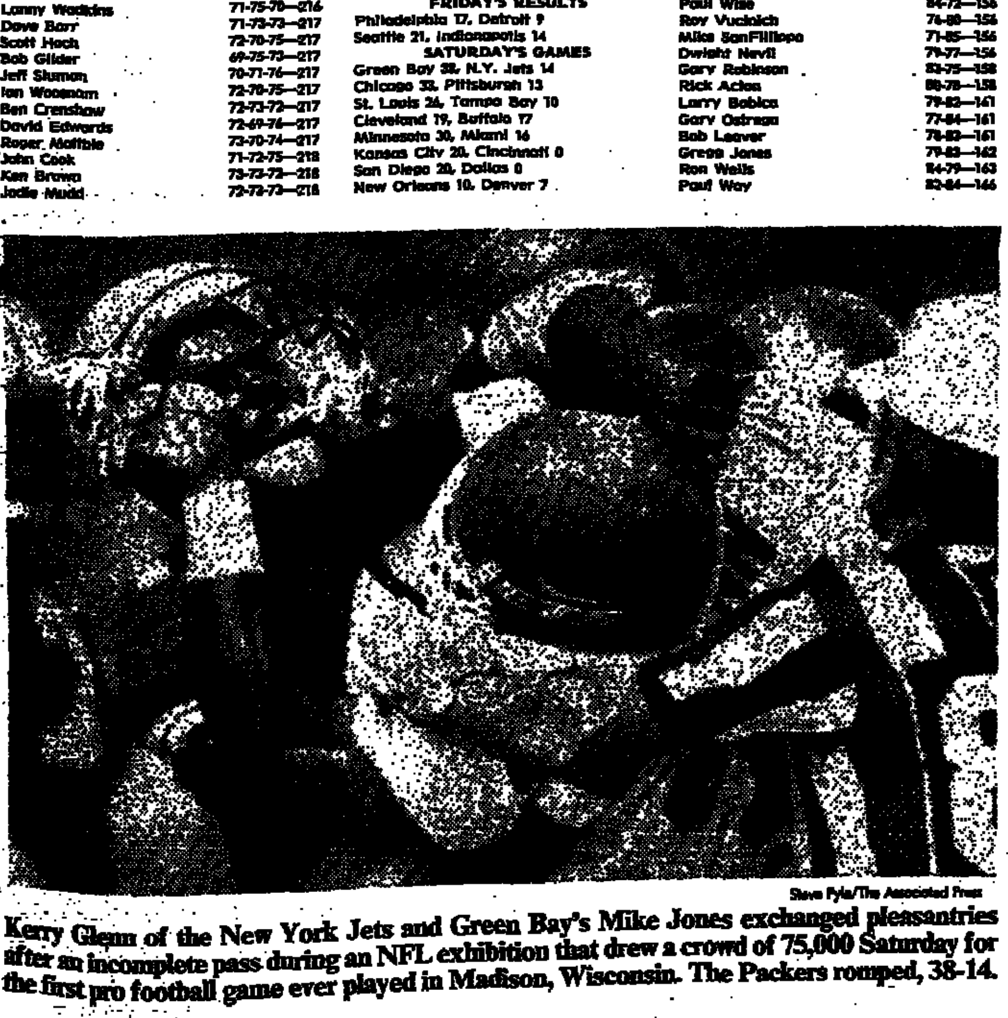
NFL Exhibition Scores

FRIDAY'S RESULTS

Philadelphia 17, Detroit 9
Seattle 21, Indianapolis 14

SATURDAY'S GAMES

Green Bay 38, N.Y. Jets 14
Chicago 33, Pittsburgh 13
St. Louis 24, Tampa Bay 10
Cleveland 19, Buffalo 17
Minnesota 30, Miami 16
Kansas City 20, Cincinnati 0
San Diego 20, Dallas 0
New Orleans 10, Denver 7



Steve Fyle/The Associated Press

Kerry Glenn of the New York Jets and Green Bay's Mike Jones exchanged pleasantries after an incomplete pass during an NFL exhibition that drew a crowd of 75,000 Saturday for the first pro football game ever played in Madison, Wisconsin. The Packers romped, 38-14.

Baseball

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
AMERICAN LEAGUE

Kansas City 000 000 000—0 4 1
New York 200 000 00x—2 4 1
Leibrandt and Sundberg; John, Righetti (8) and Skinner. W—John, 4-1. L—Leibrandt, 9-9. Sv—Righetti (25). HR—N.Y., Randolph (2).

Boston 041 100 000—6 11 0
Detroit 000 000 001—1 5 2
Seaver and Gedman; O'Neal, Slaton (3) and Lowry. W—Seaver, 5-10. L—O'Neal, 1-7. HR—Boston, Boggs (6).

Cleveland 000 020 010—3 8 0
Baltimore 000 000 000—0 5 0
Candiotti, Camacho (9) and Bando; Boddicker and Dempsey, Stefero (9). W—Candiotti, 11-8. L—Boddicker, 14-6. Sv—Camacho (15). HR—Cleveland, Franco (5).

Chicago 504 100 020—12 14 0
Milwaukee 101 002 020— 6 11 2
Cowley, Nelson (7) and Fisk; Darwin, Clutterbuck (3), Clear (9) and Schroeder. W—Cowley, 8-6. L—Darwin, 6-8. Sv—Nelson (4). HRs—Chicago, Boston (1), Baines (17), Hulett (11). Milwaukee, Molitor (5), Cooper (9), Deer 2 (24).

Toronto 110 120 200—7 14 1
Texas 014 010 03x—9 11 0
Stieb, Aquino (4), Cerutti (7), Caudill (7), Eichhorn (8), Henke (8) and Whitt; Hough, Mohorcic (7), Harris (7) and Slaught. W—Harris, 6-8. L—Eichhorn, 8-4. HRs—Toronto, Barfield (28). Texas, O'Brien (17), Parrish (16), Incaviglia (19).

Seattle 100 100 020—4 7 1
California 101 004 00x—6 10 0
Swift, Best (6), Guetterman (8) and S.Bradley; Ruhle, Lucas (8), Corbett (8) and Boone. W—Ruhle, 1-8. L—Swift, 1-5. Sv—Corbett (9). HR—California, Schofield (11).

Minnesota 100 001 000—2 6 0
Oakland 300 000 11x—5 7 0
Smithson, Jackson (7) and Laudner; Andujar, Bair (7) and Willard, Tettleton (8). W—Andujar, 7-4. L—Smithson, 9-10. Sv—Bair (4). HRs—Oakland, Canseco (26), Kingman (28).

NATIONAL LEAGUE

Philadelphia 000 001 000—1 6 1
Chicago 000 002 00x—2 5 0
Ruffin, Tekulve (7) and Russell; Sutcliffe, Trout (6), Smith (9) and Davis. W—Trout, 5-5. L—Ruffin, 3-3. Sv—Smith (21). HR—Philadelphia, Stone (5).

First Game

Los Angeles 000 000 000—0 5 0
Cincinnati 000 101 20x—4 7 0
Hershiser, Beckwith (7), Vande Berg (8) and Scioscia; Gullickson and Butera. W—Gullickson, 8-7. L—Hershiser, 11-8. HR—Cincinnati, Bell (8).

Second Game

Los Angeles 000 000 100—1 5 3
Cincinnati 071 012 00x—5 10 2
Pena, Beckwith (6), Vande Berg (8) and Trevino; Welsh, Robinson (8) and Diaz. W—Welsh, 4-3. L—Pena, 1-2. HRs—Cincinnati, Daniels 2 (4), Milner (11).

New York 000 010 200—3 8 3
Montreal 210 000 01x—5 10 2
Ojeda, Sisk (6), McDowell (9) and Carter; Smith, McClure (7), Burke (8), Reardon (9) and Bilardello. W—Smith, 8-6. L—Ojeda, 12-3. Sv—Reardon (26).

San Francisco 101 002 002—6 10 2
Atlanta 250 000 00x—7 10 0
LaCoss, Williams (3), M.Davis (7) and Brenly; Alexander, Dedmon (6), Garber (8) and Benedict. W—Alexander, 2-4. L—LaCoss, 9-7. Sv—Garber (17). HRs—San Francisco, Thompson (5). Atlanta, Murphy (18), Griffey (7).

San Diego 000 000 000—0 6 0
Houston 000 004 01x—5 8 0
McCullers, Walter (6), Show (8) and Kennedy; Scott and Ashby. W—Scott, 12-7. L—McCullers, 5-6.

Pittsburgh 000 000 010—1 3 0
St. Louis 100 010 10x—3 15 2
Reuschel, Clements (8) and Pena; Cox, Horton (9) and LaValliere. W—Cox, 6-9. L—Reuschel, 7-13. Sv—Horton (3).

SATURDAY'S RESULTS
AMERICAN LEAGUE

Kansas City 002 000 000—2 7 0
New York 110 000 001—3 5 0
Saberhagen, Farr (2), Black (7) and Quirk; Drabek, Scurry (8), Fisher (8) and Skinner. W—Fisher, 6-5. L—Black, 4-6. HRs—New York, Pagliarulo (26), Pasqua (10).

Minnesota 310 000 050—9 12 0
Oakland 000 000 101—2 3 0
Viola, Atherton (8) and Reed; Stewart, Leiper (7), Akerfelds (8) and Tettleton. W—Viola, 12-8. L—Stewart, 4-1. HR—Minnesota, Smalley (18).

Boston 101 112 020—8 11 0
Detroit 100 000 330—7 14 2
Nipper, Sambito (7), Schiraldi (8) and Gedman; Tanana, Lazorko (6), Hernandez (8) and Lowry. W—Nipper, 7-7. L—Tanana, 9-5. HRs—Boston, Dw. Evans (15), Gedman (9).

Cleveland 010 021 103—8 11 1
Baltimore 020 000 000—2 5 2
Romero, Oelkers (6), Camacho (9) and Allanson; Davis, Arnold (8) and Stefero. W—Romero, 1-0. L—Davis, 8-9. HRs—Cleveland, Snyder (13), Butler (3); Baltimore, Sheets (14).

Chicago 000 000 000—0 6 1
Milwaukee 001 000 00x—1 4 0
DeLeon, Searage (7), Schmidt (7) and Fisk; Higuera and Moore. W—Higuera, 15-7. L—DeLeon, 2-1.

Toronto 100 013 100 0—6 11 0
Texas 002 000 022 1—7 11 1
Johnson, Caudill (9) and Whitt; Loynd, Russell (6), Mohorcic (7), Williams (8), Harris (9) and Slaught. W—Harris, 7-8. L—Caudill, 2-4. HRs—Texas, O'Brien 2 (19).

Seattle 000 000 000—0 3 0
California 100 120 01x—5 7 0
Morgan, Huismann (5) and Yeager; Candelaria and Boone. W—Candelaria, 5-1. L—Morgan, 8-11. HRs—California, DeCinces 2 (17).

NATIONAL LEAGUE

Los Angeles 001 001 000—2 10 0
Cincinnati 000 122 01x—6 10 1
Valenzuela, Beckwith (7), Vande Berg (8) and Scioscia; Denny, Murphy (7), Robinson (8), Franco (8) and Diaz. W—Denny, 9-10. L—Valenzuela, 15-7. HRs—Cincinnati, Bell (9), Diaz (6).

Philadelphia 002 020 000—4 13 0
Chicago 100 001 000—2 10 0
Hudson, Tekulve (6), Bedrosian (8) and Reynolds; Eckersley, Frazier (6), Fontenot (8) and Davis. W—Hudson, 7-10. L—Eckersley, 6-7. HRs—Chicago, Sandberg (13), Matthews (14).

Pittsburgh 300 013 001—8 14 4
St. Louis 120 001 010—5 9 0
Walk, Clements (6), Robinson (8) and Pena; Conroy, Burris (1), Soff (6), Perry (8) and LaValliere. W—Walk, 5-6. L—Burris, 4-5. HRs—Pittsburgh, Ray (4), Bream (12).

San Diego 000 200 000—2 3 1
Houston 320 001 00x—6 10 0
Hawkins, LaPoint (3), Walter (7) and Bochy, Kennedy; Deshaies, Kerfeld (6) and Ashby. W—Deshaies, 7-3. L—Hawkins, 8-8. HRs—San Diego, Garvey (16); Houston, Davis (24), Walling (9).

New York 000 001 072—10 7 2
Montreal 010 110 320—8 11 0
Darling, Myers (7), McDowell (8), Orosco (9) and Carter; Tibbs, McClure (8), Burke (8), Reardon (9), Tomlin (9) and Bilardello, Nieto. W—McDowell, 11-4. L—Reardon, 6-7. HRs—New York, Wilson (8); Montreal, Dawson (15).

San Francisco 000 100 001 2—4 7 1
Atlanta 000 101 000 1—3 11 0
Downs, Robinson (7), Garrelts (9) and Melvin, Brenly; Palmer, Dedmon (7), Assenmacher (10) and Virgil. W—Garrelts, 10-7. L—Dedmon, 3-6. HRs—San Francisco, Aldrete (2), Maldonado (7); Atlanta, Griffey (8).

Major League Standings

AMERICAN LEAGUE

East

	W	L	Pct.	GB
Boston	64	44	.593	—
New York	61	51	.545	5
Baltimore	59	51	.536	6
Detroit	59	52	.532	6½
Toronto	58	54	.518	8
Cleveland	57	53	.518	8
Milwaukee	54	55	.495	10½

West

	W	L	Pct.	GB
California	60	50	.545	—
Texas	59	52	.532	1½
Chicago	49	59	.454	10
Minnesota	48	61	.440	11½
Kansas City	48	62	.436	12
Seattle	48	64	.429	13
Oakland	48	64	.429	13

NATIONAL LEAGUE

East

	W	L	Pct.	GB
New York	73	35	.676	—
Montreal	55	51	.519	17
Philadelphia	53	55	.491	20
St. Louis	52	56	.481	21
Chicago	47	61	.435	26
Pittsburgh	43	63	.406	29

West

	W	L	Pct.	GB
Houston	62	48	.564	—
San Francisco	57	53	.518	5
Los Angeles	54	56	.491	8
Cincinnati	52	56	.481	9
Atlanta	51	58	.468	10½
San Diego	51	58	.468	10½

Transition

BASEBALL
American League

DETROIT—Placed catcher Lance Parrish on the 15-day disabled list, retroactive to July 30. Purchased the contract of right-handed pitcher Jack Lazorko from Nashville of the American Association.

MILWAUKEE—Reactivated infielder Dale Sveum from the 15-day disabled list. Optioned infielder Steve Kiefer to Vancouver of the Pacific Coast League.

NEW YORK—Waived Al Holland, pitcher, for the purpose of giving him his unconditional release. Activated Tommy John, pitcher, from the disabled list.

SEATTLE—Placed Jim Beattie, pitcher, on the 15-day disabled list. Sent Ricky Nelson, outfielder, to Calgary of the Pacific Coast League. Recalled Mickey Brantley, outfielder, from Calgary.

TEXAS—Signed outfielder James McCutcheon and assigned him to Sarasota of the Gulf Coast League.

BASKETBALL
National Basketball Association

INDIANA—Named Jack Ramsay coach and signed him to a multiyear contract.

NEW JERSEY—Sent Darwin Cook, guard, to the Washington Bullets for past considerations.

FOOTBALL
National Football League

CLEVELAND—Signed Harry Holt, tight end.

INDIANAPOLIS—Signed Jon Hand, defensive end, to a four-year contract.

L.A. RAIDERS—Cut Bruce Davis and Gerald Alphin, wide receivers, and Kevin Buenafe, punter.

L.A. RAMS—Released Sam Moore, wide receiver; Jim Hawn, tackle, and Carlton Willis, nose tackle.

N.Y. GIANTS—Signed Eric Dorsey, defensive tackle, to a four-year contract.

N.Y. JETS—Waived John Buckley, tight end; Robert Estes and Andre Francis, cornerbacks; Bob Hewko, quarterback; Darrell Jackson, defensive tackle; Kevin Will, linebacker, and Dan Glowatski, wide receiver.

PHILADELPHIA—Traded offensive guard Greg Moran to Seattle for an undisclosed 1987 draft choice.

SAN FRANCISCO—Waived Keith Baker, wide receiver; Pat Inglesby, punter, and Robert Weir, defensive tackle.

HOCKEY
National Hockey League

DETROIT—Traded Lee Norwood, defenseman, to St. Louis for Larry Trader, defenseman. Named Jacques Martin assistant coach.

MONTREAL—Signed Bob Gainey, left wing, and Serge Boisvert, right wing, to a one-year contracts.

COLLEGE

NORTH CAROLINA—Named Randy Emerson diving coach.

SLIPPERY ROCK—Named Terry Factor, Joe Walton and Bob Razzano assistant football coaches.

SOUTHEASTERN CONFERENCE—Named Col. Harvey Schiller league commissioner.

Auto Racing

HUNGARIAN GRAND PRIX
(At Mogyorod, Hungary)

1. Nelson Piquet, Brazil, Williams, 2.00:34.50, average speed 151.804 kph (94.329 mph)
2. Ayrton Senna, Brazil, Lotus, 17.67 seconds behind
3. Nigel Mansell, Britain, Williams, 1 lap behind
4. Stefan Johansson, Sweden, Ferrari, 1 lap
5. Johnny Dumfries, Britain, Lotus, 2 laps
6. Martin Brundle, Britain, Tyrrell, 2 laps
7. Patrick Tambay, France, Lola Ford, 2 laps
8. Philippe Streiff, France, Tyrrell Renault, 2 laps
9. Philippe Alliot, France, Ligier, 3 laps
10. Jonathan Palmer, Britain, Zakspeed, 6 laps

DRIVER STANDINGS

1. Nigel Mansell, Britain 55 points.
2. Ayrton Senna, Brazil, 48.
3. Nelson Piquet, Brazil, 47.
4. Alain Prost, France, 44.
5. Keke Rosberg, Finland, 19.
6. Jacques Laffite, France, and René Arnoux, France, 14.
8. Stefan Johansson, Sweden, 10.
9. Gerhard Berger, Austria, and Michele Alboreto, Italy, 6.
11. Martin Brundle, Britain, 5.
12. Johnny Dumfries, Britain, Riccardo Patrese, Italy, and Teo Fabi, Italy 2.
15. Philippe Streiff, France 1.

CONSTRUCTOR STANDINGS

1. Williams-Honda 102 points.
2. McLaren-Porsche 63.
3. Lotus-Renault 50.
4. Ligier-Renault 20.
5. Ferrari 16.
6. Toleman-BMW 8.
7. Tyrrell-Renault 6.
8. Brabham-BMW 2.

European Soccer

FRENCH FIRST DIVISON

Brest 0, Marseille 0
Toulon 1, Nantes 1
Nice 1, Rennes 0
Auxerre 1, Paris-St. Germain 2
Lille 0, Bordeaux 0
St. Etienne 0, Nancy 0
Metz 5, Sochaux 1
Laval 1, Lens 1
Toulouse 2, Monaco 1
RC Paris 2, Le Havre 1

Points standings: Paris SG 4; Marseille, Nice, Toulouse, Brest, Nantes, Bordeaux 3; Metz, St. Etienne, Toulon, Lens, RC Paris, Nancy, Rennes 2; Auxerre, Laval, Lille, Sochaux 1; Le Havre, Monaco 0.

WEST GERMAN FIRST DIVISION

Hamburg 0, Bayer Uerdingen 2
Waldhof Mannheim 3, Stuttgart 2
Bayer Leverkusen 4, Schalke 2
Bayern Munich 2, Borussia Dortmund 2
Eint. Frankfurt 5, Fortuna Düsseldorf 0
Bochum 3, Cologne 1
Werder Bremen 5, Nuremberg 3
Blau Weiss Berlin 1, Kaiserslautern 4

Tennis

MEN'S TOURNAMENTS
(At Stratton Mountain, Vermont)
Quarterfinals

Ivan Lendl (1), Czechoslovakia, def. Brad Gilbert (14), U.S., 6-2, 3-6, 6-2.
Jimmy Connors (3), U.S., def. Robert Seguso (12), U.S., 3-6, 6-2, 6-1.
Boris Becker (2), West Germany, def. Martin Laurendeau, Canada, 7-5, 6-2.
John McEnroe (4), U.S., def. Andre Agassi, U.S., 6-3 6-3.

Semifinals

Becker def. McEnroe, 3-6, 7-5, 7-6 (10-8).
Lendl def. Connors, 6-4, 3-6, 6-2.

(At Kitzbuehel, Austria)
Semifinals

Andres Gomez (2), Ecuador, def. Emilio Sanchez (5), Spain, 6-4, 6-3.
Miloslav Mecir (6), Czechoslovakia, def. Joakim Nystrom (1), Sweden (walkover).

Final

Mecir def. Gomez, 6-4, 4-6, 6-1, 2-6, 6-3.

WOMEN'S TOURNAMENT
(At Montreal)
Quarterfinals

Pam Shriver (1), U.S., def. Raffaella Reggi (13), Italy, 6-4, 6-2.
Helena Sukova (2), Czechoslovakia, def. Kathy Jordan (7), U.S., 6-4 7-5.
Zina Garrison (4), U.S., def. Catarina Lindqvist (6), Sweden, 7-6 (8-6), 7-6 (8-6).
Ros Fairbank, South Africa, def. Marianne Werdel, U.S., 6-1 6-4.

Semifinals

Pam Shriver (1), U.S., def. Ros Fairbank, South Africa, 6-1, 6-3.
Helena Sukova (2), Czechoslovakia, def. Zina Garrison (4), U.S., 7-6 (7-3) 3-6 6-4.

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PHILIPS

Astor Piazzolla's Battle to Revolutionize the Tango

By Mike Zwerin

International Herald Tribune

NICE — When Astor Piazzolla first tried to revolutionize the tango, he received menacing letters and phone calls, but when tango people tried to beat him up on the street, he had a surprise for them.

Although his Italian grandfather had emigrated to Argentina, Piazzolla spent 17 years growing up in Manhattan's Little Italy neighborhood. "I wanted to be a boxer. I sparred with Rocky Graziano and Jake LaMotta. They gave me such a beating I didn't want to fight no more. But it made me tough. You got to be tough in the world of tango. Argentina is a very curious country."

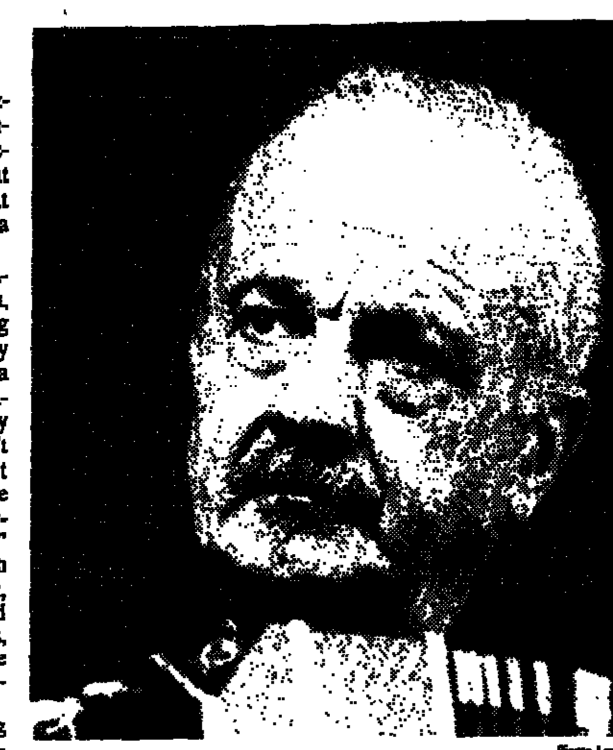
Piazzolla got tired of being rich one day and a pauper the next, tired of people disappearing, and 10 years ago he moved to Paris, where he still lives on the Ile Saint-Louis. But he remains obsessed with his homeland.

"You could change everything in Argentina — religion, laws, political systems, 20,000 presidents. Just don't change the tango. It's like a religious sect. They are stuck into something they can never get out of. They are born and they live and they die for tango. Ask them who Picasso, Bach or John Coltrane are; they don't know.

"They just want to go on going to sleep at seven in the morning and waking up at four in the afternoon. Drinking, drugs, prostitutes, police, gigolos, thieves — put them all together and that's tango. I'm out of that business. I hate it. I found another way."

Once when Aaron Copland came to hear Piazzolla's octet, "I nearly fainted. I said, 'Play good, you guys, Aaron Copland's out there.' They said, 'Who's that?'"

Now 65, Piazzolla, who has been called the Argentine Villa-Lobos, began his "revolution" in the late 1940s and early '50s by adding classical form, jazz elements and percussion instruments to the tango. "The tango was very poor musically. It didn't have good harmonies, there was no rhythmical variety. The percussion was made by four bandoneons, like the instrument I play, going boom boom boom boom. Very clumsy."



Pierre Lapijover

The tango is "like a religious sect" in Argenina.

Meanwhile he listened to Ravel and Johnny Richards, Prokofiev and Charles Mingus. As much as he does not consider himself a "tango man," he worked in Buenos Aires cabarets for 25 years and all that music "stuck in my head." Though he detested the tango world, he knew playing was very good for him, playing every night. "You have to play every day and that is how you learn to play."

He made many enemies among the friends of tradition and they gradually made him famous. He would listen to the radio — "Piazzolla is a clown . . . Piazzolla is a degenerate bum" — all the tango disc jockeys talking about him in the small hours of the morning. "Though they never understood my music, they made me famous. Not popular, famous. I am very well known in Argentina. I give concerts in Japan, Europe, the U. S. — all over the world, but in Argentina they still do not understand my music."

He spent a year in Paris in 1954 studying with Nadia Boulanger. The record producer Eddie Barclay recorded "Symphonie de Tangos," 18 more or less traditional-style pieces written and performed by Piazzolla. Then gradually he slowed down the playing and began "to write, to write, to write."

At the beginning of the century, dancing the tango was considered so "dirty" that it was forbidden between man and woman. It had to be two men — machos. Piazzolla explained: "When the Italian underworld came to Argentina and inaugurated the bordellos in Buenos Aires, they played tango downstairs and the funny stuff went on upstairs. It was absolutely the same thing at absolutely the same time in New Orleans with jazz. A big rough port with sailors, prostitutes, alcohol, mafia, gigolos, and the music to fit."

By 1955 he had an octet playing the "new tango." The philosophy students of the University of Buenos Aires hired them for a concert. The dean was horrified. The students explained that this was a new tango, another music, and they convinced him. After the concert the dean was the first to come and tell Piazzolla that he had not known such music existed. And it's creator now says: "That's how one tango was dying and another was being born."

A year later Dizzy Gillespie visited Argentina. Among others, Quincy Jones and Phil Woods were in his band. They visited a recording session and urged him to come to the United States. He had made only two records in a year, and they had earned no royalties. He was working a month a year. The composer-pianist Lalo Schiffren decided to leave at the same time. Piazzolla took his family to New York, where he spent "three of the most horrible years of my life."

Schiffren joined Gillespie and went on to be a successful film composer: "Lalo went straight up and I went straight down. Lalo did what the others wanted. I didn't. I wanted to go on doing my own music. I took a tape to the head of CBS. He heard it and said, 'That's beautiful music,' and then he said the most horrible phrase: 'But you won't get anywhere with it the way it is unless you adapt. Here in this country it's not what you know it's who you know.'

"I said, 'That's terrible what you said. You're telling me to pack my bags and get out of here.' 'It's not that,' he said. 'You could try.' I tried and I tried. Each day was worse than the last. I would work once a week. I recorded with Machito, but I wasn't born to do that. You can listen to Stravinsky but you're not able to write like that unless you feel it very much. And I felt very much what I was doing. Nothing was happening So I went back to Argentina, furious and frustrated."

He opened a small club called Jamaica, a tango version of New York's Birdland, but he began to get the fear. More people were disappearing. He sighed. "We are not a happy people."

"Tango is introverted music, probably of Oriental origin. Brazilian music is African, it's extroverted. You can see how they act at football games. They get hot and dance. Argentines never sing, never move, we don't really have no swing at all. You never see an Argentine singing in a restaurant. If he's drunk he just sleeps and that's all. Brazilians sing. Argentines don't sing."

Choreographers began to notice his music. He is writing music for Jorge Lavelli's October production of "A Midsummer Night's Dream" for the Comédie Française. Although he does not consider himself a jazzman, he began to be booked for jazz festivals. He played from time to time with the vibraphonist Gary Burton: "Gary began to understand my concept of rhythm. You can't really improvise tango. Try to play it like Bill Evans and you're lost. You can improvise accentuation and feeling but not the notes. Gary instinctively understood this."

Nesuhi Ertegun, president of the record company WEA International, calls Piazzolla "one of the major composers of our time" and is recording him, including "Little Italy, 1930," a duo with Gary Burton. It has been recorded live in Montreux, Switzerland, but Piazzolla is fighting for a week of studio time. "It's very complicated music," he said: "I would like it to be perfect. I don't like to hear my music a year later and not like it. I've made over 70 LPs in my lifetime, one worse than the other. I want people to hear my music and and say, 'That's beautiful.' That's all. I don't want to be better than nobody, but I want to do what I want and it has to be good."

During the southern summer he goes shark fishing off the coast of Uruguay ("it's like a sickness") where he has a vacation home. But he can never stay away from music for very long: "Do you know the composer Gil Evans? Every time I pass through New York I must hear him. He is astonishing. His music is never the same. They tell me he is very poor, that he does not care about money. He looks like a priest, he just wants to do something good on this earth. He makes a motion to the musicians and like magic they play a theme and then he gives them another wave and they all move together into this fascinating aleatoric world. These musicians should pay Gil for the privilege of playing with him. I told my pianist, 'Look, listen, this is what's worth living for.'"

Astor Piazzolla, with the singer Milva; Aug. 15-17, Sporting Club of Monte Carlo.

LANGUAGE

Hidden Gender and Weenie Roasts

By Jack Rosenthal

NEW YORK — *Chicken soup* and *beef soup*. Which is masculine and which is feminine?

In English, neither chicken nor beef nor soup has formal gender. Yet most people find the question easy to answer: chicken soup is feminine and beef soup is masculine, and that unanimity demonstrates how vast is the task of stamping out sexist words.

Many languages use formal gender to categorize nouns and pronouns as masculine, feminine or neuter. There's not much logic in these categories. "In German," Mark Twain once wrote, "a young lady has no sex, while a turnip has. Think what overwrought reverence that shows for the turnip, and what callous disrespect for the girl." A Spanish butterfly is aptly feminine: *la mariposa*. A French butterfly is masculine, but at least the word sounds delicate: *le papillon*. A German butterfly is, as an old linguistics joke observes, masculine and sounds it: *der Schmetterling*.

Beyond formal gender, societies observe a ceremonial gender. To some, a nation is a "she." So is a ship, an invention, an engine. Think of "Star Trek"; one can just hear Scotty down in the engine room calling Captain Kirk: "I canna' get her into warp drive, Capt'n!"

Women's liberation has brought a new turn toward neutering language — using firefighter instead of fireman and generalizing with "they" instead of "he." This process, generally positive, can be carried to extremes. When someone once denounced "yeoman" as sexist and urged "yeoperson" instead, The Times groaned in an editorial.

Hidden Gender, compared with such questions of surface gender, rolls beneath the language like the tide. The chicken soup/beef soup question is just one illustration. Consider some variations on the idea, which began as a children's game and has been elaborated by Roger W. Shuy and other sociolinguists at Georgetown University.

Which is masculine and which is feminine:

Ford and Chevrolet.

Chocolate and vanilla.

Salt and pepper.

Pink and purple.

From English-speakers, the answers usually come back the same, regardless of age, race, class, region — or sex. Some people see no gender at all in any of the terms. But those who do usually say that Ford, chocolate, pepper and purple are masculine.

The consensus is not limited to these pairs. You can get the same predictability by making up other combinations — coffee and tea, shoes and boots, skis and skates, plane and train.

Why does almost everyone label chicken soup feminine? One obvious explanation is that beef connotes cattle — big, solid, stolid animals. Chickens are small, frail, agile. Why does almost everyone label Chevrolet feminine? Perhaps for reasons of sound. Ford ends in a tough, blunt consonant, almost as masculine-sounding as "Mack truck." By comparison, Chevro-lay seems graceful and flexible.

Why do so many people label vanilla feminine? Sound is probably part of it, but also color and character. Chocolate, being darker and with a more pronounced taste, is masculine in this pairing.

Consider the attributes associated with masculine: solid, blunt, more pronounced, and those associated with feminine: frail, graceful, light. They do not arise from the words themselves, but from the pairings. What the game exposes is that Hidden Gender is relative.

Try playing the game with single words instead of pairs. When you ask people the gender of fork, you'll get blank looks. Hidden Gender only shows up when people are asked to give relative importance to two words.

Which is masculine and which is feminine: knife or fork? Usually, the answer is that fork is feminine. But why? There's nothing inherently feminine about the word *fork*. The answer is obvious when you try a different pair. Which is masculine and which is feminine: fork or spoon?

Purging language of sexist terms is worth doing for its own sake, but the superficiality of the effort should also be recognized. Whether one refers to ocean liners or God with "she" is a cosmetic matter.

As meat seems to fall out of the American diet, yielding to fish and pasta, meat seems to be falling into American slang, notably in the ways we express disrespect.

"Baloney" has been around at least since 1900 as a way to say "nonsense," and Rob Reiner, Archie Bunker's television son-in-law, was surely not the first person called "meathead." "Turkey," denoting a flop or a disaster, won new prominence in the 1970s. (Why, one reporter covering President Jimmy Carter once asked another, do they always carry a fresh turkey on Air Force One? Answer: spare parts.)

The newer pejorative terms relate to sausage. In a television interview last April, Phil Donahue challenged the Reverend Jesse L. Jackson with comments from a book critical of his headline-hunting ways. "He seems to be saying — very cleverly if obliquely . . . that you are a hot dog." Jackson rejected the idea that he's a flamboyant show-off, demonstrating that he clearly understands the new meaning that has been attaching itself to the term over the last 20 years.

The usage quite likely derives from the nickname given to a 1960s plastic foam surfboard, sheathed in fiberglass, which lent itself to fast stunts. On the ski slopes, "hot dog" has come to describe a whole new specialty. Hot doggers fly off jumps waggling skis and bodies in bizarre poses like the daffy (one ski forward, the other back) and the helicopter (360-degree turns before, if successful, landing).

While *hot dog* has come to mean a show-off, it has become fashionable to use *weenie*, from *wiener*, to mean a wimp, an indecisive or timid person. Listen to what General John W. Vogt Jr., a former member of the Joint Chiefs of Staff, said last February, opposing proposals to give more power to the chairman of the Joint Chiefs: "If the chairman is a weenie, it is not going to work." Last March, Time magazine said that Roger Stone, a prominent Washington political consultant, "openly derides . . . Vice President Bush as a 'weenie.'"

That kind of name-calling may illustrate politics at its wurst, but Bush, rising above it, has not yet been heard to beef.

New York Times Service

Jack Rosenthal is deputy editorial page editor of The New York Times. William Safire is on vacation.

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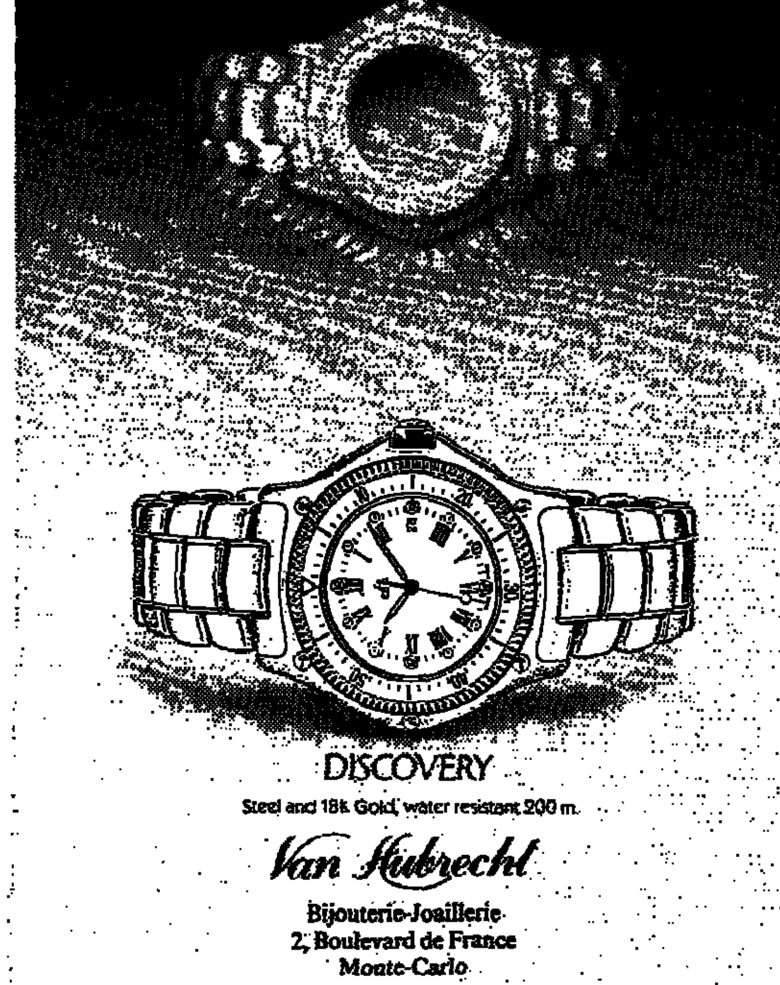

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